iRegent.com Limited

iRegent is the new name of Regent Pacific Group reflecting the re-focusing of the Group towards the Asian technology and Internet sector.

iRegent's main areas of business are its own Internet and technology based investments, corporate finance and Asian asset management (assets under management: US$600 million), mostly focussed on direct investment.

The Group was listed on the Hong Kong Stock Exchange in May 1997. Shareholders include a number of leading international institutions from the USA, Europe and Japan. Management and staff are the largest shareholder group.

In the Internet space, iRegent is focussed on early stage companies where quicker breakeven is anticipated. In particular, iRegent is concentrating on bringing to Asia proven Internet propositions already successful in other parts of the world. In many cases, such propositions lack the resources or ability to expand into Asia on their own. iRegent looks to achieve a super-franchise position in such companies with respect to their expansion into Asia.

Additionally, iRegent believes in the "bricks to clicks" model. Typically, control of an existing business is achieved and profitability is enhanced through restructuring as necessary. This is then used as a profitable platform for expansion into the Internet space. This model has worked very successfully in the case of KoreaOnline.

iRegent and its associated companies presently operate in four main areas:

- Technology Investments
- Asset Management
- Corporate Finance
- Online Financial Services

Chairman's statement

The good news is that our pre tax profits to March 2000 easily surpassed the previous record achieved in the year to March 1998; the bad news is that our shares remain severely undervalued. Profits came in at US$98.4m pre-tax (1999: loss, US$50.0m) or US$85.6m after tax and minority interests (1999: loss, US$50.3m); this represents earnings per share of 9.3 US cents (1999: loss per share, 5.4 US cents) and a return on equity of 73% (1999: loss, 39%). As of 11th July 2000 our shares stood at HK$1.77 representing a historic PE of just 3.2.

This miserable rating, considering that we are a business which has produced handsome cash returns to our shareholders over the years, is my uppermost concern. For instance, for the most recent year, total dividends have been declared equivalent to HK23.9cents (1999: HK5.0cents), including the cash alternative to the distribution of Regent Europe of HK12cents as well as the third interim of HK3.9cents, payable on August 30, 2000.

Shareholders are aware - and indeed have voted overwhelmingly in favour of - a reconstruction that goes some way to addressing this lack of recognition of the Group's fundamentals. The distribution of the majority of Regent Europe, the acquisition of Interman, and the focus of the Group on Asian opportunities is a big step in this direction. Alec Tsui, CEO of the Hong Kong Stock Exchange is joining us on 1 August as our CEO; David Paterson, founder of HSBC Private Equity, has joined our Board; analyst coverage of iRegent is commencing in earnest. In addition, we are significantly expanding our tech fund management capabilities and we are bolstering our substantial Korean business, both in terms of equity and in terms of management. I believe that all of these will have a positive effect on the perception of the iRegent Group. Of course, we do face issues of illiquidity in our shares, and we need to "get the message across", a message stronger than just our continuously stated desire to make money for our shareholders. I believe that we will succeed in these objectives in the year ahead, especially as we have one of the finest combinations of opportunities and people anywhere in the Asian region. In addition to my own comments, separate and more detailed reports on our main business areas follow my statement.

We now have three major business areas, all interrelated. Firstly, we own 46% of KoreaOnline Limited ("KOL"), a "bricks and mortar" Korean Financial Services Group with over 1,300 employees and 1,000 non-tied agents. KoreaOnline intends to be the dominant provider of "direct to the public" i.e. telemarketing/internet financial services in Asia's second largest economy. We recently raised US$117 million of new capital for KoreaOnline, which valued the business at US$507 million. The capacity for growth in KoreaOnline is boundless. The opportunity to take the model - old line "bricks and mortar" financial businesses connected to new economy delivery platforms - and to go to other parts of Asia, is there for the taking. As an example, our new service for people wanting to generate auto insurance quotes on the internet, just launched in April 2000, is expanding more rapidly than we had dared hope. We believe that our online financial service capability can be taken around the world's most populous regions and has the potential to generate a quantum leap in iRegent's fortunes.

Chairman's statement (continued)

Secondly, we own an asset management business in Asia, substantially built since the sale of our Asian mutual fund business in 1996, prior to the Asian crisis (nice timing, but through luck rather than judgement!). This now has approximately US$600 million under management. It is our goal to more than double that over the next year and all efforts are being made to do so, particularly in the technology funds management area, where we employ a team of experienced and competent people.

Thirdly, with the acquisition of Interman, we now have a real business focussed on bridging the gap for technology companies based in America and Europe to come to Asia. There are literally hundreds, if not thousands, of great ideas/companies/people involved in technology that aspire to address the world's biggest market opportunity - Asia - but are people, time or money short. Our goal is to address their needs - offering a full suite of services. Already, we are doing it for 15 companies and the big advantage to iRegent is that it creates a fee stream and an optionality on the future of some great businesses. It also lets us make some fantastic investments, for instance, UBQT Media, Digital View and Netease. The largest individual stake acquired through Interman was that in bigsave Holdings plc. This business introduces some exciting concepts in e-commerce and is rapidly expanding its sphere of operations. It presents several real areas of synergy with other businesses in which we invest and I am very optimistic for its prospects.

The confluence of these three businesses - focussed on Asia and on technology - gives iRegent its strongest outlook since we started the Company in 1990. If we get it right, we are poised for a period of supercharged growth.

The first element of this growth will come in Korea. Although conditions in the stockmarket are currently more subdued than last year, the outlook for a strong performance in KOL remains positive. It is also likely that in the relatively near future KOL will undertake further acquisitions, both in Korea and possibly elsewhere in Asia. If we proceed with such acquisitions, we anticipate a possible further pre-IPO round for KOL at a significantly enhanced valuation vis a vis the last round.

The second area of growth is in fund management. We intend to expand significantly our activities in this area, including making a substantial effort in private equity/tech fund management and in the development of further key alliances with leading VC firms around the world. If successful, we expect funds in Asia to reach record levels by the end of the calendar year.

The third leg of our expansion - the "bridge into Asia" aspect of our business, is built on our considerable expertise in tech investment. This year, we expect further progress with the success of our key investee companies - including bigsave.com, Exbet.com, techpacific and AstroEast. The arrival of Alec Tsui as our new CEO (I will remain Executive Chairman but relinquish the post of CEO) will considerably bolster our efforts in this respect, particularly with regard to opportunities in China.

Chairman's statement (continued)

The iRegent.com Limited balance sheet remains pristine and unleveraged and there is considerable scope for greater utilisation of the KOL balance sheet, one area in which Robin Willi, CEO of KOL, is a recognised expert. In the forthcoming year, we anticipate opening an office in Beijing, to improve our ties to China; we will expand our office in Tokyo and we will enhance our position in Singapore. We also expect to announce value enhancing relationships on the West Coast of America.

As usual, our sole objective is to create a superior return on shareholders funds, from an unleveraged position. Our team is stronger than it has ever been; our contacts in Asia of more value than ever; and our operating businesses are vital, growing and profitable. The principal achievement we look for in this fiscal year is a higher share price and all of us are working to make it happen.

Jim Mellon
July 2000

Chairman's statement (continued)

Future Direction & Marketing of iRegent Group

Following the renaming and restructuring of the Group in May 2000, iRegent now comprises three operations: Tech Investments (both passive holdings as well as the technology businesses actively managed by the Group), Fund Management (focussed on Asia and direct investments in particular) and Corporate Finance.

In the Tech Investment business, we are focussed on taking tech investment propositions that have already proven themselves in either North America or Europe, and translating them into the fertile markets and economies of Asia. In many cases, such businesses are already well proven in their home markets but lack the resources or expertise to develop in Asia as well. We believe that either we have the necessary expertise within the Group to bring such propositions to Asia or have access to expertise through our many years of experience of operating in Asia.

Two examples will demonstrate the goal: In the case of KoreaOnline which is the largest single asset of the iRegent Group, we have identified proven online financial service concepts that we believe are readily transportable to Asia, in this case, initially Korea. Korea is a country that has already well demonstrated its readiness to adopt Internet based services. In the securities field, over 50% of all stockmarket transactions are already being conducted over the Internet. At the time of writing, this was the highest penetration of any market in the world and it has grown from a zero base in just three years; the fastest rate of penetration of any market in the world. For more details, see the separate summary on KoreaOnline.

The second example concerns www.astroadvice.com. iRegent invested in the company that owns this site which is now believed to be the largest independent online astrological site in the world with more than 1 million registered members. Recognising the potential for this service in Asia, iRegent joined with Astroadvice in establishing www.astroeast.com, the Asian version of the service. This site is now available in Chinese, Japanese and Korean. Not only is this a very exciting stand-alone proposition but we also believe that it will add great content to the fast expanding KoreaOnline site, www.iRegent.com.

In the Tech business, there are currently 6 businesses where iRegent is actively involved in the management, including KoreaOnline, bigsave and Astroeast. In addition, there are a further 20 businesses in which we are, currently, largely passive investors. Each of these has been selected for their crossover potential to Asia.

In the area of Corporate Finance, one of iRegent's primary focuses is acting as the lead investment banker and adviser for the companies in which the iRegent Group invests. For example, iRegent recently completed a successful capital raising for KoreaOnline in which US$117 million was raised. iRegent Corporate Finance has also been active in raising capital for bigsave, the Astro companies etc.

Chairman's statement (continued)

The fund management business is expanding rapidly. The Group's management team has been involved in managing Asian investments for more than 20 years. In 1985, the team put forward the thesis that the Asian "New Industrial Countries" were entering their longest and strongest economic boom in more than 40 years. On the back of this, a range of funds was launched using the name "Tiger" to describe the dynamics of the region. The team was the originator of that name as applied to investing in the South East Asian "Tiger" economies, as they became known. Very significant profits were made in the region over the following decade but in 1996, your management team decided to sell off their Asian mutual fund business. By that stage, the business had become hugely competitive, input prices were rising while output prices were being squeezed. The industry was "commoditising" and we chose to withdraw having analysed our own business in the same way we had been analysing other businesses in which we were investing over the years. We did not exit the business because of great prescience about the impending Asian collapse although we did believe that everything was severely over-cooked.

However, when the Asian collapse occurred, we formed the view that the way to make money in Asia going forward lay much more in making direct or strategic investments in businesses rather than in just buying shares. In particular, the private equity business in Asia had, up to that point, developed as a poor cousin of its Western counterpart simply because the necessary dynamics for the industry were simply not in place. Family run companies were able to by-pass the intrusive questions of private equity managers as there was such a ready supply of bank finance and easy portfolio flows from managers taking listed investment risk, in theory, but in many cases, taking private equity risk in reality.

With the collapse of the Asian economies and financial markets, gravity took a severe hold and, in our view, the dynamics of the Asian private equity business emerged for the first time. It is those dynamics that we are targeting both in the tech area and in the wider industrial and services arena, particularly financial services. This is a logical development alongside the direct investment experience of the iRegent Group itself. The Group currently manages approximately US$600 million in assets in these areas (excluding the East European business of Regent Europe) and this figure is expected to rise significantly over the next couple of years.

Peter Everington

Chairman’s statement (continued)

KoreaOnline Limited – www.iRegent.com

KoreaOnline Limited (“KOL”) is the iRegent Group’s most substantial business. It is 46% owned, and wholly managed by iRegent and is an integrated financial services company comprising insurance, securities, asset management and banking, all in Korea. On the front end of these four traditional “bricks & mortar” businesses, KOL is constructing an online distribution platform for delivery of these products and services over the internet. We call this a “bricks to clicks” conversion. Following experience in such businesses in Europe and the US, “Online” for KOL actually involves a fusion of telemarketing and full internet distribution.

The expertise of the iRegent Group lies in finding value oriented businesses, turning them around and then pushing them from the 19th into the 21st century. We are not engaged in re-inventing the wheel. Rather, we have identified successful business propositions, typically pioneered in North America or Europe, and are bringing these over to Asia.

The most important characteristics of the internet are 1) the ability for a business to go direct to its customers, 2) limited barriers to entry which means that most good ideas can be replicated by others in no time, and 3) the fact that incumbents in any industry tend to be the weakest competitors when it comes to moving from traditional to internet based distribution. In addition, the financial markets seem to have fickle habits when it comes to deciding whether B2C (Business to Consumer) or B2B (Business to Business) propositions will succeed. In our view, the only distinction has to be that of profitable as opposed to unprofitable internet propositions.

KOL is a profitable internet proposition because it combines the profits from traditional businesses with the accelerator of the internet. More than that, it is in financial services, which equals low delivery cost, and is operating in a country where such businesses have to be licensed. This is important as such licenses are very limited in Korea, particularly in an environment following the recent total collapse of the financial system which means that the government is keen to see the old businesses cleaned up and turned around before they begin widely issuing new licenses. Korean financial services therefore enjoy that critical barrier to entry necessary to make an internet proposition profitable.

The other critical characteristic of Korea is that it has already demonstrated a voracious appetite for new technology, the internet in particular, with more than 50% of the stockmarket’s volume now being conducted online up from a standing start less than three years ago. That is the deepest and most rapid penetration of any market in the world. It is reasonable to suppose that Koreans ought to be similarly enthusiastic when offered other financial products over the internet.

Chairman's statement (continued)

KOL, led by its new CEO, Robin Willi, comprises four businesses, all now re-branded using the "Regent" name. At the time of writing, including acquisitions made since the March 31st year end date, KOL controls 84% of Regent Insurance (formerly Haedong), 68% of Regent Securities (formerly Daeyu), 42% of Regent Merchant Bank (formerly Kyungsu) and 100% of Regent Asset Management. The insurance business is in rapid turnaround phase right now having been only very recently acquired, which means that forecasting there is still inexact. Based on past history the other businesses should collectively generate significant ongoing profits in their traditional lines. KOL is expecting to invest US$15-20 million annually to create the new online platform.

Other than the asset management business which has been grown from scratch, the other businesses have all been acquisitions involving varying degrees of distress at the outset. When we bought initial control of Daeyu (now Regent Securities), it was losing US$15 million a year. Two years later, after extensive surgery and launch of many new products and services, it has, over the past year, typically made US$5-15 million a month from operations. The turnaround there initially involved downsizing headcount by 30% and then a subsequent rebuild of the company.

Regent Merchant Bank ("RMB"), on the other hand, was a fairly clean business at the time of acquisition, albeit only marginally profitable. Indeed the main reason for sale by its former owner was a lack of family succession on his part and his view that the industry would remain stressed for the foreseeable future. That negative view had meant that the company had made few loans for a number of years, a conservative position that held the company together while the industry collapsed around it. Two years ago there were 30 merchant banks in Korea. This has reduced to just 8 and further consolidation is imminent. RMB is actually the strongest in this sector with a BIS ratio in excess of 19%. Our expectation is that the imminent next round of restructuring due to kick off when the government announces the results of its review of the sector toward the end of July 2000, will yield more opportunity for expansion for RMB.

Regent Asset Management ("RAM") was established from scratch in the third quarter of 1999. Led by Lee Won-ki, this company has grown rapidly in a difficult environment simply by offering a quality, professional, transparent, ethical service to its customers. It recently won a prestigious mandate from the National Pension Fund and now has US$200 million in assets under management, an amazing achievement in less than a year from start up. More to the point, RAM is not currently permitted to sell open ended funds as the government first has to complete the restructuring (rescue) of the Investment Trust Sector that currently has the monopoly on open ended funds. As soon as that limitation is lifted, we believe that RAM will have a huge opportunity to take its superior results and build a substantial business that is likely to involve direct sale of funds over the internet using KOL's online platform.

Chairman's statement (continued)

In the same area of asset management, KOL owns a 1% stake in the Daehan Investment Trust Company ("DITC"), one of the old line ITCs with US$23 billion in assets under management. KOL has an advisory contract with DITC to assist in the reconstruction of the company and, in particular, to launch its own online capability. We believe that there would be substantial synergies between KOL and a reconstructed DITC.

An initial stake in Regent Insurance Company ("RIC") was acquired in March and then KOL took control of the company and recapitalised it completely in June. Haedong, as it was formerly known, was rapidly heading out of business prior to KOL taking control and substantial pre-acquisition write-offs have been taken to clean up the company's balance sheet. RIC is a "non-life" insurance company which equates to a "property & casualty" company in US parlance. Around half of the company's business comes from auto insurance, 40% from savings products and 10% from commercial and other insurance lines. The company has 21 branches and approximately 2,000 staff although more than 1,000 of these are non-tied agents. The company operates throughout Korea and was the smallest and weakest of the 11 non-life companies in Korea. Despite its weakness, RIC represents the core of the most exciting part of KOL in the near term.

Deregulation of the insurance sector in Korea kicked off on April 1st 2000. Up to that point, the 11 companies in the industry all sold the same products at the same prices through entirely similar tied sales force distribution channels. In the area of auto insurance, the government maintains a centralised database on Korea's 11 million drivers including their insurance, drinking, speeding and other past habits. The government cranks the figures on the industry once a year and thereby determines the prices that the industry charges. This means that the industry has virtually no underwriting capability and exists really as a simple machine for ramming product down the throats of the unsuspecting customer using aggressive sales practices. The small company has a huge disadvantage in this situation where it is much safer for a customer to buy the identical product from the large company. From April 1st, all this began to change and on April 3rd, KOL's website went live under the URL: www.iRegent.com

By early July 2000, RIC was selling more than 1,500 policies a month through its online system. That was with the first call centre only up to 50% of its eventual 100 staff capacity, with no outbound calling and with the main advertising campaign yet to start. This is far ahead of our expectations. Clearly the concept is going near vertical, though at what final angle remains to be seen. At its current run rate, the online platform is equivalent to 2 traditional branches in terms of business volume being generated. More to the point, whereas a traditional agent may sell 2-3 policies a week, fully trained agents working in the call centre can be expected to generate more than 5 policies a day.

Chairman's statement (continued)

Meanwhile, in RIC's traditional business areas, much work needs to be done. The balance sheet has been stabilised and we have cut the loss ratio by 30% from its worst position simply by cutting out loss making lines – in a business where the government sets the prices, there is no sensitivity to whether a particular product is profitable or loss making!

It is too early to say how successful the whole online platform will be. Early signs are certainly very exciting. At the same time, KOL is in the market to make further acquisitions. Although market share is certainly not an aim in itself, critical mass is an important aim so it is likely that we will acquire further financial companies in the months ahead particularly as prices still remain highly depressed in the wake of the unresolved Daewoo crisis. It is likely that a further round of pre-IPO financing will be necessary to fund and develop these plans.

In the months ahead, KOL will also expand horizontally into other financial areas and will also fill out existing areas. It will also expand laterally by adding non-financial content to the platform. Synergies with the Astro companies come to mind and www.astroeast.com's Korean language offering will shortly be made available on the KOL site at www.iRegent.com

Beyond Korea, we believe that the entire concept of KOL can be replicated in other markets around Asia. Each market is different to the others and therefore requires local adjustment. However, the concept itself, as well as the technology, is fully scalable, in our view.

Peter Everington/Robin Willi

Chairman’s statement (continued)

Interman Holdings Limited

In May 2000, the Group completed the acquisition of Interman Holdings Limited (“Interman”), whose principal asset is a 67% interest in bigsave Holdings plc (“bigsave”).

bigsave’s objective is to become the leading e-commerce destination site across both Europe and Asia by offering a broad selection of brand named products and services to consumers at competitive prices. Whilst the sale of physical products represents the typical entry point for most customers, it is bigsave’s service offerings that represent the profit driver for the company. bigsave has already started selling insurance products and is now expanding into other financial services; bigsavetravel is in beta test and will roll out shortly; service contracts are sold around a lot of the product offerings; and bigsave’s patented “paymonthly.com” service is due to be launched later this year. Paymonthly aggregates monthly bill payments for customers and provides a reverse enquiry environment to assist customers in their basic monthly budgeting. With deregulation of the utility sectors in the UK, customers are faced with a blizzard of confusing choices involving pricing that is typically hard to compare between companies. bigsave’s algorithms can readily compare hundreds of choices and from that, advise customers on which service to buy. Paymonthly will take a fee for this advice and for managing customers monthly accounts. In due course, bigsave will also be able to negotiate bulk discounts on behalf of multiple clients.

Apart from its consumer offerings, bigsave also deals with other businesses by offering a variety of affiliate programmes. bigsave offers a hosting capability whereby it hosts sites on behalf of other companies. bigsave has also pioneered a ‘microsite’ concept where an individual or small business can establish its own site selling selected products. bigsave will also shortly launch its own TV shopping program on satellite TV. Finally, many companies are now moving to limit their employees’ access to the internet during office hours and bigsave has been establishing a preferred vendor program where companies designate bigsave as their trusted shopping site of choice that remains accessible to employees during working hours.

Since September 1999 bigsave has traded within the UK as www.bigsave.com. Turnover, based on the audited financial statements to 31 December 1999 was approximately US$550,000 for that initial period - by way of comparison, bigsave’s revenues in May 2000 alone were US$525,000. bigsave is expanding rapidly. Clearly expansion in this industry requires funding and further pre-IPO fund raising efforts have been made and will continue in the coming months. At present bigsave has sufficient cash for its immediate needs and we expect future fund raising to be effective.

Currently www.bigsave.com offers approximately 10,000 products in 17 categories along with 170,000 books. These categories are Insurance, Telecom, Kitchen, DIY, Home & Garden, Electronics, Computers, Sports & Outdoors, Fashion & Jewellery, Books, Music and Films, Personal Care, Gifts, Toys & Games, Travel Accessories, Gadgets and Best Buys. In addition, customers can also buy services such as car insurance and customised

Chairman's statement (continued)

mobile telecommunications packages. bigsave carries no inventory of its own but processes the orders, bills the customer and drives the fulfilment process from supplier to customer.

bigsave's initial Hong Kong website, www.bigsavewines.com, has been trading since the beginning of May 2000. By the end of July 2000, the Hong Kong site will be extended to incorporate approximately 1,000 locally sourced products within eight categories, including consumer electronics, computers and travel packages. The site will be available in both Chinese and English.

Although bigsave is initially focussed primarily on the UK, it intends to expand internationally in conjunction with local partners in each market place. bigsave is currently reviewing a number of country agreements in select European and Asian markets. It expects to open shortly in Korea where iRegent has broad local connections through KoreaOnline.

bigsave is also seeking to establish strategic relationships with a number of organisations and service providers, with a view to increasing revenue from existing product or service areas or to facilitate expansion into new product or service areas. As part of this strategy, bigsave was an early investor in one of China's biggest Internet portals, Netease.com.

Aggressive brand building is essential to attract, retain and derive revenue from an expanding e-commerce customer base. bigsave has sought to establish the www.bigsave.com brand as synonymous with e-commerce in the United Kingdom by offering a broad range of products and services at competitive prices backed by superior customer service.

bigsave's software has the ability to personalise the site experience. This means that the site can be personalised for each visitor to reflect their past buying and viewing experience on the site – the store can thereby be individually tailored for each customer.

Several of Interman's other investments such as Netease.com, UBQT Media plc (formerly Communication Arts plc) and iFuture Inc continue to develop in a highly satisfactory manner. Whilst these holdings do not have the size or likely impact of bigsave on iRegent's current figures, they are expected to be a key contributor to future profits as their business plans develop to maturity.

Denham Eke

Chairman's statement (continued)

Asian Investment Management Report

During the year ended 31 March 2000 Asian stock markets recovered sharply, in many cases surpassing their levels immediately prior to the crisis in 1997. However, Asia has responded unevenly to this crisis. In many cases, change has been slow or superficial. In the case of countries like Korea changes have had a much deeper impact and it is these countries which should see the best investment opportunities in the coming years. The other significant development during the year was the emergence of the 'new economy' as the major theme. Companies such as Pacific Century Cyberworks, Korea Thrunet, Chinadotcom and Softbank have come from nowhere to become well-known stocks, while JASDAQ and KOSDAQ, in Japan and Korea respectively, were among the world's best performing indices over the year. Whereas in the US the internet had attracted mainstream investor interest for several years, the boom in Asia was much more sudden. Sheer weight of numbers mean it is almost inevitable that Asia will be the biggest region for the internet in the coming years – yet the sector is still at a nascent stage with few companies actually listed on the markets.

iRegent was a successful early-stage investor in the new economy in Asia, both in its client portfolios and for itself. This was a major contributing factor in the performance of the Asian funds during the year. Having taken profits in tech at the start of 2000, we are now expanding the fund management team with a technology focus to capture the benefits of what we believe to be a strong secular growth of the sector. This strategy is already bearing fruit as we have won two mandates from continental Europe for new economy portfolios. In our view there are relatively few credible players and there is a good market opportunity for iRegent.

We are also expanding our presence in Asian private equity and are confident of winning further mandates in this area of the market. As with listed equities, our private equity business has taken on an increasing technology focus. The slump in the TMT sector in the second quarter of 2000 has meant a return to sanity in this space. The previous three months in Asia were characterised by ludicrous valuations for ill-thought-out plans while the shakeout is already leading to more realistic price expectations and more robust business proposals. Our existing portfolio of new economy companies has given us extensive contacts around the Asian region. Our strategy aims to maximise the synergies between our various portfolio investments through co-investment.

Chairman's statement (continued)

The Undervalued Assets series of funds gained from the strength of the Asian markets. Initially, there was little sign of corporate activity in the closed-end fund sector but towards the end of 1999, as discounts widened, our investors started to benefit from increased action in this area. By the second quarter of 2000 discounts had reached levels not seen since late 1998 (after the collapse of Long Term Capital Management) or, in many cases, since the Gulf War. It seems likely that these high discounts will result in further investor dissatisfaction in the sector. As a result, we expect to be buyers of these funds and to take an active role in unlocking value. We believe that the next year or two will see good returns in this sector.

We are optimistic that the Asian fund management business is at the start of a period of significant growth and are building up the resources appropriate for an increased level of activity. Our fund management business in Asia is very different to the one we sold off in 1996 ahead of the Asian crisis. That crisis changed a lot of things and the significance for the fund management industry has yet to be fully recognised, in our view. One part of that is that a greater concentration on direct investment and value will be more appropriate going forward.

Julian Mayo

Chairman's statement (continued)

Regent Europe Limited – www.Regenteu.com

Following the offer of shares in Regent Europe Limited as an alternative to a cash dividend, I am pleased to be able to report that approximately two-thirds of the shares by value were elected to be taken as an "in specie" distribution. In conjunction with the special purchase arrangements set out in the explanatory document to shareholders, this means that iRegent.com Limited now holds approximately 20% of the newly independent Regent Europe Limited.

Plans to develop the business streams of the company are well advanced with many opportunities being seen in the Eastern European region. In particular, the company is concentrating on a small core of mutual funds together with a number of private equity structures aimed at banking, property and financial services in south eastern Europe particularly. The opportunities for investment gains in this region are huge as economic conditions converge on those of the European Union states. An encouraging amount of interest is being shown in these vehicles by clients, both old and new.

As part of the restructuring of the business, we are disposing of the remaining stockbroking interests in the region to enable a concentration of resources in areas having greater profit potential. Our property team based in Sofia, Bulgaria, have identified several opportunities both within that country and the surrounding states. Our banking team under David Curl, which we continue to strengthen by bringing in more Western trained expertise, has a number of potential acquisitions under investigation. Our mutual funds team, co-ordinated from the Isle of Man, has been busy restructuring the product range and several overlapping funds have been eliminated allowing focus on a region which has shown and continues to show great resilience in the light of the 1998 Russian crisis and the political turmoil in the former Yugoslavia. Not for the first time are we seeing that the best returns look likely to be made when things still look dark and the dawn is not obviously breaking.

Clearly profits from activities in this region are always likely to be volatile and the strategic management of Regent Europe Limited tries to take advantages from the upside whilst limiting downside risk. However, on a long term view, the directors have every confidence of being able to produce a superior return to investors in both our fund structures and the company itself.

Jayne Sutcliffe

Report of the Directors

The Directors herein present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2000.

Principal Activities

The Group's principal activities consist of asset management; provision of investment advisory services, corporate finance and advisory services; property management; corporate investment; and stockbroking.

Segmented Information

The constituents of the Group's turnover and contribution to operating profit by principal activities and geographical areas of operation for the year ended 31 March 2000 were as follows:

	31 March 2000		31 March 1999	
	Turnover US$'000	Contribution US$'000	Turnover US$'000	Contribution US$'000
By activity:				
Asset management	18,115	4,928	*25,463*	*17,151*
Corporate finance	2,682	399	*2,713*	*(1,726)*
Property management	531	(104)	–	–
Corporate investment	32,073	16,150	*(52,699)*	*(50,777)*
Stockbroking	1,257	(1,532)	*(7,674)*	*(14,407)*
	54,658	19,841	*(32,197)*	*(49,759)*
Expenses				
General and administration expenses		(5,116)		*(4,941)*
Turnover less expenses		14,725		*(54,700)*
By geographical area:				
North America	6,250	3,822	*(4,456)*	*(5,222)*
Asia Pacific	2,934	(6,040)	*14,759*	*2,672*
Australasia	(16)	(426)	*728*	*625*
Eastern Europe	33,914	21,489	*(13,011)*	*(21,249)*
Russia	17,845	10,018	*(37,964)*	*(32,660)*
Western Europe	(5,158)	(7,626)	*5,705*	*5,521*
Other emerging markets	(1,111)	(1,396)	*2,042*	*554*
	54,658	19,841	*(32,197)*	*(49,759)*
Expenses				
General and administration expenses		(5,116)		*(4,941)*
Turnover less expenses		14,725		*(54,700)*

Results and Dividends

The Group's profit for the year ended 31 March 2000 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 31 to 58.

Report of the Directors (continued)

Results and Dividends (continued)

An interim dividend of US1.0296cents (1999: US0.646cents) per ordinary share was paid to shareholders on 21 December 1999. A second interim dividend of US1.541cents (1999: nil) per ordinary share was paid on 9 June 2000 with an inspecie alternative of a share in Regent Europe Limited. A third interim dividend of US0.5cents (1999: nil) per ordinary share will be paid on 30 August 2000 to those shareholders on the register on 4 August 2000.

The Directors do not propose the payment of a final dividend.

Donations

Total donations made by the Group during the year were US$225,000 (1999: US$50,000).

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 in summary:

Results	For the year ended 31 March				
	2000 US$'000	1999 US$'000	1998 US$'000	1997 US$'000	1996 US$'000
Turnover	54,658	*(32,197)*	*126,843*	*59,072*	*34,186*
Turnover less expenses	14,725	*(54,700)*	*78,527*	*35,929*	*20,263*
Shares of profits/(losses) of associated companies	32,178	*4,251*	*(398)*	*(1,723)*	*(1,688)*
Operating profit/(loss) on core activities	46,903	*(50,449)*	*78,129*	*34,206*	*18,575*
Profits/(losses) on sales of interests in associates and subsidiaries under temporary control	57,325	*1,174*	*(239)*	*48*	*3,424*
Loss on disposal of subsidiaries	(5,385)	–	–	–	–
Operating profit/(loss) from ordinary activities	98,843	*(49,275)*	*77,890*	*34,254*	*21,999*
Finance costs – interest on bank overdrafts	(462)	*(688)*	*(454)*	*(366)*	–
Profit/(loss) on ordinary activities before taxation	98,381	*(49,963)*	*77,436*	*33,888*	*21,999*
Taxation	(12,283)	*(1,090)*	*(1,679)*	*(1,496)*	*(437)*
Profit/(loss) after taxation	86,098	*(51,053)*	*75,757*	*32,392*	*21,562*
Minority interests	(534)	*764*	*(2,037)*	*(1,565)*	*(64)*
Net profit/(loss) attributable to shareholders	**85,564**	***(50,289)***	***73,720***	***30,827***	***21,498***
Assets and liabilities					
Fixed assets	790	*1,449*	*2,584*	*1,249*	*1,007*
Interests in associated companies and jointly controlled entities	92,606	*47,515*	*24,403*	*1,725*	*10,938*
Long term investments	16,237	*5,054*	*1,986*	*685*	*661*
Current assets	71,359	*71,025*	*212,753*	*182,793*	*66,382*
Total assets	180,992	*125,043*	*241,726*	*186,452*	*78,988*
Current liabilities	62,491	*17,611*	*91,241*	*116,880*	*14,856*
Long term liabilities	143	*407*	*133*	*152*	*5,115*
Total liabilities	62,634	*18,018*	*91,374*	*117,032*	*19,971*
Net assets	**118,358**	***107,025***	***150,352***	***69,420***	***59,017***

Report of the Directors (continued)

Subsidiaries, Associated Companies and Jointly Controlled Entity

Particulars of the Company's subsidiaries, associated companies and jointly controlled entity are set out in notes 14 and 15 respectively to the financial statements.

Fixed Assets

Details of movements in the fixed assets of the Group during the year are set out in note 13 to the financial statements.

Major Customers and Suppliers

Particulars of the Group's major customers and suppliers are given in note 22 to the financial statements.

Borrowings

The Group had no bank borrowings as at 31 March 2000.

Share Capital and Share Options

Details of the movements in the Company's share capital and share options during the year are set out in note 18 to the financial statements.

Details of Share Repurchases

During the year ended 31 March 2000, the Company repurchased 3,559,000 of its own shares. In May 2000, the Company further repurchased 2,513,000 of its own shares. Details of such repurchases are included in note 18 to the financial statements. The Directors took this action in time of market weakness to enhance earnings per share.

Pre-emptive Rights

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

Reserves

Details of movements in the reserves together with details of their availability for distribution, as calculated in accordance with the Companies Law of the Cayman Islands, are set out in note 19 to the financial statements.

Directors

The directors of the Company who held office during the year were:

James Mellon (Chairman)
Chang-Mo Bae*
Peter Everington
Chang-Kon Koh
David McMahon
Robert Owen*
Robert Purves* (resigned 9 February 2000)
Jayne Sutcliffe
Anderson Whamond

*non-executive directors

David Paterson was appointed as a non-executive director of the Company on 8 May 2000.

Report of the Directors (continued)

In accordance with Article 86(3) of the Company's Articles of Association, any director appointed during the year shall retire from office at the next annual general meeting. Accordingly, David Paterson retires and, being eligible, offers himself for re-election at the forthcoming annual general meeting.

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

Directors

Biographical details of the directors are as follows:

Jim Mellon, aged 43, is British. He was educated at Oxford University and, since graduating in 1978, his whole career has been spent in asset management. He has worked for GT Management Plc and 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 iRegent.com Limited. In 1994 he became Chairman of the Regent Group. Mr Mellon has over 20 years investment experience in Asia. Mr Mellon specialises in the development and restructuring of international investment vehicles, and travels extensively across the region on company visits and fact-finding missions. Mr Mellon is a director of a number of funds, including closed-ended and Dublin-listed funds.

Chang Mo Bae, aged 60, is Korean. He is Chairman of the Korea Securities Dealers Association as well as Chairman of the Korea Securities Market Operation Advisory Committee. He is also a committee member of the Korea Financial Industry Committee. He holds a bachelor's degree in Commerce from Seoul National University in Korea.

Peter Devas Everington, aged 41, is British. He has been the Investment Director of the Group since 1992 and has spent the last 18 years in asset management. He is also the Group Marketing Director. Peter Everington commenced his career in fund management with GT Management in 1980 managing UK equities. In 1982, he moved to GT's San Francisco-based subsidiary, where he joined Jim Mellon. In 1984, Mr Everington moved to Hong Kong to join Thornton Management (Asia) Limited, again to work with Jim Mellon managing Asian investments. In 1988, Mr Everington became Investment Director for Thornton Management (Asia) Limited with overall responsibility for investments and investment strategy for all Asian funds, and, in September 1992, joined Regent as Managing Director of Regent Fund Management Limited. He has a Bachelor of Arts degree in Engineering from Cambridge University.

Chang Kon Koh, aged 37, is Korean. He is now the President and the Chief Executive Officer of Daeyu Regent Securities Company Limited ("DRS"), a Company listed on the Korean Stock Exchange and an associated Company of the Group. Since his appointment as the Chief Executive Officer of DRS, he has successfully turned a loss making Company into a profit making Company, by deploying western style management skills. He commenced his career with KDB Securities in Seoul where he spent three years as a fund manager in the international department covering Asian markets. Mr Koh joined iRegent.com Limited in 1994.

David McMahon, aged 46, is British. He is the Group Finance Director and the Managing Director of the Group's Isle of Man office and will be the Finance Director of Regent Europe Limited following its divestment by the Group. He is a fellow of the Institute of Chartered Accountants in England and Wales. He joined the Group in February 1998. After qualifying as a Chartered Accountant in 1977, he joined a Manchester based mutual insurance Company, eventually becoming treasurer and finance director before general manager of Templeton Life Assurance Limited in 1990. He also became Chief Financial Officer of Templeton's European businesses.

Report of the Directors (continued)

Directors (continued)

Robert John Richard Owen, aged 60, is British. After graduating from Oxford University in 1961, Mr Owen initially worked in the UK Foreign Office and Treasury. In 1970 he joined Morgan Grenfell, the UK merchant bank, where he became a director in 1973. In 1979 he joined Lloyds Bank International as Director of Merchant Banking, and in 1982 became Director, Asia-Pacific. In 1984 he was given the task of forming Lloyds Merchant Bank and became its Chairman and Chief Executive, as well as Director of Investment Banking for the Lloyds Bank Group. In 1988, Mr Owen joined the Hong Kong Government as Adviser on Securities Markets to lead the implementation of extensive reforms to the regulation and operation of Hong Kong's securities and futures markets. In 1989 he became Executive Chairman of the Securities and Futures Commission (SFC), a new statutory body established to take over regulation of Hong Kong's securities and futures markets and to supervise and encourage their development. Since 1992, Mr Owen has been Senior Adviser and Deputy Chairman of Nomura Asia Holdings, based in Hong Kong. He became a director of iRegent.com Limited in 1998 and Chairman of Regent Pacific Private Equity Limited in 1999. He is also Chairman of techpacific.com Limited and a director of Sunday Communications Limited, European Capital Co Ltd, The International Securities Consultancy Ltd and other companies.

David F J Paterson, aged 56, is British. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a Fellow of the Hong Kong Society of Accountants. In 1988, he founded and was, until his resignation in 1998, Managing Director of HSBC Private Equity Management Limited in Hong Kong, which managed funds of over US$1,000 million. He had previously been Managing Director, Bond Corporation International Limited, General Manager and Chief Executive, Arabian Gulf Investments (Far East) Limited, Finance Director and Financial Manager, Swire Properties Limited and Swire Pacific Limited (all in Hong Kong), Finance Director, E.C. (Holdings) Limited and Corporate Finance Executive, Samuel Montagu & Co. Limited (both in London). He qualified as a Chartered Accountant with Price Waterhouse & Co in London. He has a Master's degree in Animal Physiology from Oriel College, Oxford.

Jayne Allison Sutcliffe, aged 36, is British. She has been Corporate Finance Director of the Group since 1991 and will be the Chief Executive of Regent Europe Limited following its divestment by the Group. She has also 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. She co-founded Regent in 1990 where she established, and is responsible for, Regent's corporate finance activities. She has a Master's degree in Theology from Oxford University.

Anderson Whamond, aged 40, is British. He is the Group's head of Corporate Investments. He commenced his career in 1982 with White Weld Securities Limited. He subsequently worked at both Salomon Brothers and Morgan Stanley International in London. Prior to joining the Group in March 1998, he was a Managing Director of Peregrine Securities International Limited and a member of the executive committee of Peregrine Investment Holdings Limited.

Report of the Directors (continued)

Directors' Interests in Securities and Options

As at 31 March 2000, the beneficial interests of the directors of the Company 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 Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Section 28 of the SDI Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the "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				
Directors	Notes	Personal interests	Family interests	Corporate Interests	Other interests	Total interests
James Mellon	A&B	34,088,500	–	–	84,846,870	118,935,370
Chang-Mo Bae	C	–	–	–	–	–
Peter Everington	D&E	–	24,450,000	–	24,841,210	49,291,210
Chang-Kon Koh	C	1,250,000	–	–	–	1,250,000
David McMahon	C	–	–	–	–	–
Robert Owen	C	–	–	–	–	–
David Paterson (Appointed on 8 May 2000)	F	–	–	–	–	–
Jayne Sutcliffe	G	14,727,260	–	–	24,000,000	38,727,260
Anderson Whamond	C	–	–	–	–	–

b. Warrants 2003 (note H)

2. Securities of Associated Corporations (note M)

Report of the Directors (continued)

Directors' Interests in Securities and Options (continued)

3. Options of the Company

Directors	Date of grant	Number of shares subject to the option	Subscription price per share	Exercisable period
Chang-Mo Bae	7 December 1999	500,000	HK$1.400	7 December 2002 - 7 December 2004
Chang-Kon Koh	30 September 1999	2,500,000	HK$1.180	3 September 2000 - 3 September 2002
		2,500,000	HK$1.400	30 September 2002 - 30 September 2004
David McMahon	5 October 1999	750,000	HK$1.180	15 July 2001 - 15 July 2003
		1,250,000	HK$1.180	5 October 2002 - 5 October 2004
		3,000,000	HK$1.400	5 October 2002 - 5 October 2004
Robert Owen	28 September 1999	1,500,000	HK$1.180	28 September 2002 - 28 September 2004
David Paterson	–	–	–	–
(Appointed on 8 May 2000)	(note V)			
Anderson Whamond	5 October 1999	3,000,000	HK$1.180	15 July 2001 - 15 July 2003
		2,000,000	HK$1.400	5 October 2002 - 5 October 2004

On 14 March 2000, the directors of the Company resolved that the vesting schedules of the options granted under the employee share option scheme of the Company (the "Share Option Scheme") on or before and still remaining outstanding as at 14 March 2000, which were not yet due on that date, be brought forward to 14 March 2000 on condition that options so adjusted should be exercised on or before 13 April 2000 (which was finally extended to 5 May 2000) at the exercise prices as stipulated in their respective option certificates. Options which remained outstanding after 5 May 2000 remain valid for exercise but are subject to the original terms as for exercise prices and exercisable dates set out in the respective option certificates.

All the outstanding options held by the directors of the Company as at 31 March 2000 as set out in this paragraph 3 were exercised before 5 May 2000. Details of directors' exercises of options are set out in note C below.

4. Options of KoreaOnline Limited (note W)

Report of the Directors (continued)

Directors' Interests in Securities and Options (continued)

Notes

A 84,846,870 shares are held by the trustee of a settlement, under which James Mellon has a life interest.

B Upon completion of a sale and purchase agreement dated 15 March 2000 (as novated by a novation deed dated 5 April 2000 and further amended by a supplemental agreement dated 15 May 2000) on 16 May 2000, 134,620,213 ordinary shares and 86,728,147 non-voting convertible deferred shares in the Company were allotted on 17 May 2000 to Indigo Securities Limited as consideration for the acquisition by the Company of 41,500 shares in Interman Holdings Limited (the "Interman Acquisition"). Indigo Securities Limited is indirectly wholly-owned by the trustee referred to in note A above.

C Subsequent to 31 March 2000, the following directors of the Company exercised their entire rights under the respective options granted to them pursuant to the Share Option Scheme and subscribed for shares in the Company. Details of such subscriptions are set out below:

Directors	Date of grant	Date of exercise	Number of shares subscribed	Subscription price per share	Date of allotment
Chang-Mo Bae	7 December 1999	21 April 2000	500,000	HK$1.400	28 April 2000
Chang-Kon Koh	30 September 1999	18 April 2000	2,500,000	HK$1.180	19 April 2000
			2,500,000	HK$1.400	19 April 2000
David McMahon	5 October 1999	10 April 2000	2,000,000	HK$1.180	18 April 2000
			3,000,000	HK$1.400	18 April 2000
Robert Owen	28 September 1999	31 March 2000	1,500,000	HK$1.180	26 April 2000
Anderson Whamond	5 October 1999	8 April 2000	3,000,000	HK$1.180	25 April 2000
			2,000,000	HK$1.400	25 April 2000

D 24,450,000 shares are held by Mrs Everington.

E 24,841,210 shares are held by the trustee of a discretionary trust, the beneficiaries of which include Peter Everington and members of his family.

F Upon appointment on 8 May 2000, David Paterson disclosed his interests as the sole beneficiary of a trust which holds 1,000,000 shares in the Company.

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

Report of the Directors (continued)

Directors' Interests in Securities and Options (continued)

H On 9 June 2000, the Company issued and allotted, by way of bonus, an aggregate of 237,882,087 units of registered warrants exercisable during the period from 9 June 2000 up to and including 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. Details of the directors' interests in the warrants are set out below:

		Units of warrants and nature of interests				
Directors	Notes	Personal interests	Family interests	Corporate interests	Other interests	Total interests
James Mellon	I	6,817,700	–	–	61,239,046	68,056,746
Chang-Mo Bae		100,000	–	–	–	100,000
Peter Everington	J	–	4,890,000	–	4,968,242	9,858,242
Chang-Kon Koh		1,250,000	–	–	–	1,250,000
David McMahon		1,000,000	–	–	–	1,000,000
Robert Owen		300,000	–	–	–	300,000
David Paterson (Appointed on 8 May 2000)	K	–	–	–	200,000	200,000
Jayne Sutcliffe	L	2,945,452	–	–	4,800,000	7,745,452
Anderson Whamond		1,000,000	–	–	–	1,000,000

I 16,969,374 units of warrants are held by the trustee referred to in note A above, and 44,269,672 units of warrants are held by Indigo Securities Limited, which is indirectly wholly-owned by such trustee.

J 4,890,000 units and 4,968,242 units of warrants are held by Mrs Everington and the trustee referred to in note E above respectively.

K 200,000 units of warrants are held by the trust referred to in note F above.

L 4,800,000 units of warrants are held by the trustee referred to in note G above.

M Upon completion of the Interman Acquisition referred to in note B above on 16 May 2000, AstroEast.com Limited and bigsave Holdings plc (formerly BigSave.com Limited) became associated corporations of the Company under the SDI Ordinance.

Upon completion of the placing (the "KoreaOnline Placing") of 9,000,000 new shares in KoreaOnline Limited, which was originally a 60% owned subsidiary of the Company, KoreaOnline Limited became an associated company of the Company in March 2000.

Upon distribution of the second interim dividend of HK$0.12 per share (with an alternative by way of a distribution in specie of one share in Regent Europe Limited (formerly Regent Fund Management (Cayman) Limited) for every share held in the Company) declared by the Company for the year ended 31 March 2000 and paid on 9 June 2000 (the "Second Interim Dividend"), Regent Europe Limited became an associated corporation of the Company under the SDI Ordinance.

Report of the Directors (continued)

Directors' Interests in Securities and Options (continued)

Details of directors' interests in AstroEast.com Limited, bigsave Holdings plc, KoreaOnline Limited and Regent Europe Limited are set out below:

		Number of shares in the respective companies			
Directors	Notes	AstroEast.com Limited	bigsave Holdings plc	KoreaOnline Limited	Regent Europe Limited
James Mellon	N	–	–	–	340,283,730
Chang-Mo Bae		–	–	–	–
Peter Everington	O	100,000	–	73,970	49,291,210
Chang-Kon Koh		50,000	87,000	–	–
David McMahon	P	–	174,000	–	30,000,000
Robert Owen	Q	20,000	87,000	–	1,500,000
David Paterson (Appointed on 8 May 2000)		50,000	300,000	–	–
Jayne Sutcliffe	S&T	50,000	350,000	–	138,727,260
Anderson Whamond	U	–	350,000	–	5,000,000

N James Mellon, the trustee referred to in note A above and Indigo Securities Limited elected to receive shares in Regent Europe Limited in respect of the Second Interim Dividend and were allotted 34,088,500 shares, 84,846,870 shares and 221,348,360 shares respectively.

O The 100,000 shares in AstroEast.com Limited are held by Mrs Everington. The 73,970 shares in KoreaOnline Limited were allotted to Peter Everington on 20 April 2000 upon his subscription pursuant to the KoreaOnline Placing at US$13.00 per share.

Mrs Everington and the trustee referred to in note E above elected to receive shares in Regent Europe Limited in respect of the Second Interim Dividend and were allotted 24,450,000 shares and 24,841,210 shares respectively.

P David McMahon elected to receive shares in Regent Europe Limited in respect of the Second Interim Dividend and was allotted 5,000,000 shares. Besides, pursuant to a share put option dated 5 April 2000 entered into between (i) the Company and (ii) Jayne Sutcliffe, David McMahon and David Curl (the "Share Put Option"), David McMahon acquired 25,000,000 shares in Regent Europe Limited from the Company at a price of HK$0.12 per share.

Q Robert Owen elected to receive shares in Regent Europe Limited in respect of the Second Interim Dividend and was allotted 1,500,000 shares.

R The 50,000 shares in AstroEast.com Limited and 300,000 shares in bigsave Holdings plc are held by the trust referred to in note F above.

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

T Jayne Sutcliffe and the trustee referred to in note G above elected to receive shares in Regent Europe Limited in respect of the Second Interim Dividend and were allotted 14,727,260 shares and 24,000,000 shares respectively. Besides, pursuant to the Share Put Option, Jayne Sutcliffe and the trustee referred to in note G above acquired from the Company 11,565,000 shares and 88,435,000 shares in Regent Europe Limited at a price of HK$0.12 per share.

Report of the Directors (continued)

Directors' Interests in Securities and Options (continued)

U Anderson Whamond elected to receive shares in Regent Europe Limited in respect of the Second Interim Dividend and was allotted 5,000,000 shares.

V On 23 May 2000, David Paterson was granted an option under the Share Option Scheme, which entitles him to subscribe for 1,000,000 shares in the Company at a subscription price of HK$1.600 per share during the exercisable period from 23 May 2003 to 23 May 2005. A consideration of HK$10.00 was paid for the grant of such option.

W Subsequent to 31 March 2000, the following directors of the Company were granted options under the employee share option scheme of KoreaOnline Limited, which was adopted on 7 April 2000, to subscribe for shares of US$0.10 each in its capital:

Directors	Date of grant	Number of shares subject to the option	Subscription price per share	Exercisable period
James Mellon	26 May 2000	487,500	US$13.00	26 May 2001 - 25 May 2005
Peter Everington	19 May 2000	487,500	US$13.00	19 May 2001 - 18 May 2005
Chang-Kon Koh	22 May 2000	487,500	US$13.00	22 May 2001 - 21 May 2005

Save as disclosed herein, as at 31 March 2000 none of the directors of the Company (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 Stock Exchange pursuant to Section 28 of the SDI Ordinance and the 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' Interests in Contracts

Except as disclosed in note 5 to the financial statements, no director had a beneficial interest in any material contract to which the Company or any of its subsidiaries was a party during the year.

Directors' Service Contracts

The Group has entered into a service contract with each of the following directors for the provision of management services by these directors to the Group:

Jim Mellon
Peter Everington
Jayne Allison Sutcliffe

The initial term of the service contracts relating to these directors had expired at 31 March 2000 and they are now terminable by either party upon the giving of 6 months' notice.

Save as disclosed above, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company, which is not terminable by the Company within one year without payment other than statutory compensation.

Report of the Directors (continued)

Retirement Scheme

The Group has operated a defined contribution staff retirement scheme since 1 April 1991. Contributions under the scheme are charged to the profit and loss account as incurred. The amount of contributions is based on a specified percentage of the basic salary of the eligible employees. There were no forfeited contributions in respect of invested benefits of departed staff as at 31 March 2000. The Group's contribution for the year ended 31 March 2000 was US$9,733 (1999: US$ 11,909).

Substantial Shareholders

As at 31 March 2000, James Mellon, the Chairman of the board of directors of the Company, had interests in more than 10% of the total issued 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".

Save for such interests, the directors of the Company are not aware of any person being interested in at least 10 per cent of the total issued share capital of the Company as at 31 March 2000 as recorded in the register required to be kept under Section 16(1) of the SDI Ordinance.

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 of the Listing Rules of The Stock Exchange of Hong Kong Limited throughout the accounting period covered by the annual report, except that the non-executive directors of the Company are not appointed for specific terms.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the reappointment of KPMG is to be proposed at the forthcoming annual general meeting.

On Behalf of The Board

Jim Mellon
Chairman

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

Revenue and Profits

The year saw record profits for the Group on both a pre tax basis and as attributable to shareholders. The figures were US$98.4m (1999: loss US$50.0m) and US$85.6m (1999: loss US$50.3m) respectively.

The detailed breakdown of profits can be seen in the audited consolidated profit and loss account.

The significant improvement was due to a number of factors which included the turnaround of fortunes following the aftermath of events in Russia in 1998 where a combination of increased assets under management and a recovery of values of the Group's own investments were once again significant contributors. However, the most important contributors were: (1) the share of operational profits of the Group's Korean interests, shown as the bulk of the profits of associates and subsidiaries under temporary control in the profit and loss account and (2) the profits recognised as a result of the increase in net asset value arising from sales of interests in KoreaOnline Limited to third parties at amounts above book value.

Although it is anticipated that further similar profits will be recognised in the current year, their levels will depend on the operational performance of KoreaOnline Limited's subsidiaries and the level of new money raised for this business.

iRegent.com has changed its nature significantly since the balance sheet date as can be seen from the Chairman's statement and note 23 to the audited financial statements. As a result, the make up of the Group's earnings will change to become more dependent on the success of the stakes taken in underlying investee businesses.

Costs

The Group has always taken care to keep its operational costs to the minimum conducive with its operations and has placed great store in this. A bonus scheme is operated to remunerate and incentivise staff and executives based solely on profits earned for shareholders. This is calculated on the basis of a pool derived from a percentage of pretax profits but after deduction of the relevant share of taxation on associates, which forms part of the overall return on those businesses. The bonus percentage applied for the year to 31 March 2000 was 20% (1999:15%) and, consequent upon the high level of profits earned, the bonus pool represents approximately 76% (1999:12%) of the personnel costs shown in the consolidated Profit and Loss Account.

The Directors believe that a combination of low fixed expenses with the capacity for high rewards in profitable years is a winning combination allowing the Group maximum flexibility in cost management.

Balance Sheet

The Group's most significant investment is its stake in KoreaOnline Limited. As explained earlier this was responsible for the majority of the Group's profits during the year. Its future prospects and those of other areas are covered in detail in the reports which accompany the Chairman's statement.

The balance sheet of the Group shows no borrowings. This is in keeping with the Director's stated policy of keeping borrowing to a minimum and then only to cover short term needs. The Group maintains short term confirmed credit lines totalling US$10m at variable interest rates to cover such eventualities and can increase this to US$25m by prior arrangement with its bankers. A pool of current investments, as disclosed in note 16, is available to provide liquidity as and when required.

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

Significant Changes to Investments

During the year under review, the Group created KoreaOnline Limited (then called Regent Korea Limited) by injecting part of its stake in Regent Securities Limited. Full details of this transaction were sent to shareholders in July 1999. This resulted in ownership by the Group of 60% of the new company. A further fund raising was completed in March 2000 which reduced the Group's interest in KoreaOnline Limited to 46.38%. Details of the results of the fund raising were made public at the time.

Subsequent to the end of the financial year, certain other material transactions have occurred as detailed in Note 23 to the Financial Statements. Their effects have been estimated in the unaudited proforma balance sheet included as an appendix.

Future Funding

A number of the significant investments of the Group, most notably KoreaOnline Limited and bigsave Holdings plc, may require to raise further finance in order to develop their operations. This will be raised in a pre-IPO round prior to the expected listing of both businesses on stock exchanges appropriate to their activities. The exact amount of financing and its effect on the Group's financial position cannot be quantified in advance.

Report of the Auditors

Report of the Auditors to the shareholders of iRegent.com Limited (formerly Regent Pacific Group Limited) (incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 31 to 58, 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, that judgements and estimates are made which are prudent and reasonable and that the reasons for any significant departure from applicable accounting standards are stated. 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 Company's and the Group's circumstances, 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 2000 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Chartered Accountants
Isle of Man *14 July 2000*

Consolidated Profit and Loss Account

	Notes	2000 US$'000	1999 US$'000
Turnover			
Investment management, corporate finance, property management and stockbroking	4	22,585	*20,502*
Corporate investment income and realised and unrealised gains and losses		32,073	*(52,699)*
		54,658	*(32,197)*
Expenses:			
Personnel costs		(30,358)	*(11,085)*
Marketing costs and commissions		(3,404)	*(2,797)*
Other costs		(6,171)	*(8,621)*
		14,725	*(54,700)*
Share of profits of associates and subsidiaries under temporary control		32,178	*4,251*
Operating profit/(loss) on core activities	6	46,903	*(50,449)*
Profits on sales of interests in associates and subsidiaries under temporary control	7	57,325	*1,174*
Loss on disposal of subsidiaries		(5,385)	–
Operating profit/(loss) from ordinary activities		98,843	*(49,275)*
Finance costs - interest on bank overdraft		(462)	*(688)*
Profit/(loss) before taxation		98,381	*(49,963)*
Taxation	9	(12,283)	*(1,090)*
Profit/(loss) after taxation		86,098	*(51,053)*
Minority Interests		(534)	*764*
Net profit/(loss) attributable to shareholders	10	**85,564**	***(50,289)***
Retained profits at beginning of year		17,010	*73,390*
Transfer to capital redemption reserve	19	(36)	*(181)*
		102,538	*22,920*
Dividends	11	(38,738)	*(5,910)*
Retained profits at the end of the year	19	**63,800**	***17,010***
		US$	US$
Earnings/(Loss) per share			
Basic	12	0.093	*(0.054)*
Dividends per share	11	0.042	*0.006*

The notes on pages 37 to 58 form an integral part of these financial statements

Consolidated Statement of Recognised Gains and Losses

	2000 US$'000	1999 US$'000
Movements in exchange differences on the translation of the financial statements of entities not accounted for in United States dollars	1,829	*2,796*
Net profit/(loss) for the period	85,564	*(50,289)*
Total recognised gains and losses	87,393	*(47,493)*
Movement on goodwill taken directly (from)/to reserves	(37,739)	*12,940*
	49,654	*(34,553)*

The notes on pages 37 to 58 form an integral part of these financial statements

Consolidated Balance Sheet

	Notes	2000 US$'000	1999 US$'000
Fixed assets: plant and equipment	13	790	*1,449*
Interests in associated companies	15	90,256	*47,515*
Interest in jointly controlled entity	15	2,350	–
Other non-current financial assets	16	16,237	*5,054*
Total non-current assets		109,633	*54,018*
Deferred taxation	17	(143)	*(407)*
Net non-current assets		109,490	*53,611*
Current assets			
Cash and bank balances		8,442	*14,650*
Current investments	16	32,469	*36,576*
Accounts receivable		26,638	*8,448*
Prepayments, deposits and other receivables		3,810	*11,351*
		71,359	*71,025*
Current liabilities			
Accounts payable, accruals and other payables		(31,672)	*(7,223)*
Securities sold but not yet purchased		–	*(3,232)*
Taxation - current	9	(1,547)	*(1,246)*
Proposed interim dividends		(29,272)	*(5,910)*
		(62,491)	*(17,611)*
Net current assets		8,868	*53,414*
Net assets		**118,358**	***107,025***
Share capital	18	9,268	*9,147*
Reserves	19	109,036	*97,352*
Shareholders' equity		**118,304**	***106,499***
Minority Interests		54	*526*
Capital and reserves		**118,358**	***107,025***

Approved by the Board of directors on 14 July 2000

P Everington
Director

D McMahon
Director

The notes on pages 37 to 58 form an integral part of these financial statements

Consolidated Cash Flow Statement

	Notes	2000 US$'000	1999 US$'000
Net cash outflow from operating activities	20a	(14,654)	*(10,966)*
Returns on investments and servicing of finance			
Interest received		685	*978*
Dividends paid to shareholders		(15,376)	*(13,281)*
Dividends paid to minority interests		–	*(254)*
Net cash outflow from returns on investments and servicing of finance		(14,691)	*(12,557)*
Taxation			
Hong Kong and Overseas profits tax paid		(1,013)	*(2,013)*
Investing activities			
Purchase of other non-current financial assets		(3,208)	*(437)*
Net sale of current investments		34,304	*32,752*
Purchase of fixed assets		(284)	*(658)*
Purchase of interests in associated companies		(43,298)	*(4,180)*
Purchase of interest in jointly controlled entity		(2,350)	–
Purchase of subsidiary		(12)	–
Proceeds from disposal of other non-current financial assets		231	*1,437*
Proceeds from disposal of fixed assets		–	*441*
Proceeds from disposal of associated companies		37,878	*2,059*
Net cash inflow from investing activities		23,261	*31,414*
Net cash (outflow)/inflow before financing – Carried forward		(7,097)	*5,878*

The notes on pages 37 to 58 form an integral part of these financial statements

Consolidated Cash Flow Statement (continued)

	Notes	2000 US$'000	1999 US$'000
Net cash (outflow)/inflow before financing – brought forward		(7,097)	*5,878*
Financing	20b		
Issue of shares		2,242	*268*
Repurchase of shares		(1,353)	*(2,114)*
Net cash inflow/(outflow) from financing activities		889	*(1,846)*
(Decrease)/increase in cash and cash equivalents		**(6,208)**	***4,032***
Cash and cash equivalents at beginning of year		14,650	*10,507*
Effects of currency fluctuations		–	*111*
Cash and cash equivalents at end of year		8,442	*14,650*
Composition of cash and cash equivalents			
Cash and bank balances		8,442	*14,650*

The notes on pages 37 to 58 form an integral part of these financial statements

Company Balance Sheet

	Notes	2000 US$'000	1999 US$'000
Interests in subsidiaries	14	23,643	*38,259*
Interests in associated companies	15	92,028	*10,301*
Other non-current financial assets	16	4,805	*702*
Total non-current assets		120,476	*49,262*
Current assets			
Cash and bank balances		985	*3,131*
Due from subsidiaries		30,493	*54,416*
Accounts receivable		1,815	*126*
Prepayments, deposits and other receivables		114	*43*
		33,407	*57,716*
Current liabilities			
Accounts payable, accruals and other payables		(9,536)	*(1,116)*
Due to subsidiaries		(8,560)	*(16,297)*
Proposed interim dividends		(29,272)	*(5,910)*
		(47,368)	*(23,323)*
Net current (liabilities)/assets		(13,961)	*34,393*
Net assets		**106,515**	***83,655***
Share capital	18	9,268	*9,147*
Reserves	19	97,247	*74,508*
Shareholders' equity		**106,515**	***83,655***

Approved by the Board of directors on 14 July 2000

P Everington
Director

D McMahon
Director

The notes on pages 37 to 58 form an integral part of these financial statements

Notes to the Financial Statements

1. The Company

The Company is incorporated in the Cayman Islands under Companies Law as an exempted company with limited liability. Its registered office is at PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands. The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

The nature of the Company's operations is as follows:
Asset management
Corporate finance
Stockbroking
Corporate investment
Property management

2. Summary of Significant Accounting Policies

Basis of accounting

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice and Interpretations, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The measurement basis used is historical cost modified by stating other investments at fair value, as explained in the accounting policy for investments below.

Reporting currency

The reporting currency of the Group is United States dollars.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March each year. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Subsidiaries

A company is a subsidiary if more than 50 per cent of the issued voting capital is held for long term investment purposes. Interests in subsidiaries comprise equity interest in, and long term loans to, those subsidiaries and are stated at cost unless, in the opinion of the directors, there have been permanent diminutions in value, in which case they are written down to values determined by the directors as being appropriate.

Associated companies and subsidiaries under temporary control

An associated company is a company, not being a subsidiary, in which the Group has a long-term interest in a significant proportion of the equity voting rights and over which it is in a position to exercise significant influence. A subsidiary under temporary control is a company otherwise meeting the definition of a subsidiary, but where there is a clear intention to reduce the Company's investment below the level constituting a subsidiary.

The Group's share of the post-acquisition results and reserves of associated companies and subsidiaries under temporary control is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's investments in associated companies and subsidiaries under temporary control 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 permanent diminution in value deemed necessary by the directors.

Notes to the Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Associated companies and subsidiaries under temporary control (continued)

The results of associated companies and subsidiaries under temporary control are included in the Company's profit and loss account to the extent of dividends received and receivable. The interests in associated companies and subsidiaries under temporary control are stated in the Company's balance sheet at cost, less any provisions for permanent diminution in value deemed necessary by the directors.

When a company ceases to fall within the definition of an associated company, it is stated in the financial statements at the carrying amount under the equity method at the date it ceases to be an associated company, less any provisions for permanent diminution in value deemed necessary by the directors.

Jointly controlled entities

A jointly controlled entity is a joint venture which involves the establishment of a corporation, partnership or other entity in which each venturer has an interest and which operates under a contractual arrangement between the Group and other parties.

Jointly controlled entities are equity accounted for as long-term investments, carried at cost initially and adjusted thereafter for the post acquisition change in the Group's share of net assets of the jointly controlled entity. The profit and loss account reflects the Group's share of the results of the jointly controlled entity.

Investment in funds managed by iRegent.com companies

Certain Group companies from time to time purchase shares in funds managed by other iRegent.com companies. Under certain circumstances such holdings can amount to over 20% of the issued share capital and occasionally more than 50%. Those holdings over 50% of the issued share capital, where control is intended to be temporary, are included within current investments in the balance sheet, rather than being treated as a subsidiaries. Those holdings which are over 20% but not more than 50% of the issued share capital and which are intended to be temporary are included within current investments in the balance sheet, rather than being treated as associates. Such investments are held at fair value.

Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each asset 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
Motor vehicles	3 years

The carrying amount of fixed assets carried at depreciated cost is reviewed periodically in order to assess whether the recoverable amount has declined below the carrying amount. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The amount of the reduction is recognised as an expense in the profit and loss account. In determining the recoverable amount, expected future cash flows generated by the fixed assets are discounted to their present values.

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

Notes to the Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Investments

The following accounting policies for investments have been revised to be in accordance with Statement of Standard Accounting Practice 24, "Accounting for Investments in Securities". No prior period adjustment was necessary as the effect on prior period figures was not considered material.

(a) Investment securities are stated in the balance sheet at cost less any provisions for diminution in value.

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

(b) Other investments are stated in the balance sheet at fair value. Changes in fair value are recognised within turnover in the profit and loss account as they arise.

(c) Profits or losses on disposal of investments in securities are accounted for within turnover in the profit and loss account as they arise.

Related parties

For the purposes of these accounts, 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.

Goodwill

Goodwill arising on consolidation of subsidiaries and on the acquisition of associated companies and businesses represents the difference between purchase consideration paid for subsidiaries/associated companies/businesses over the fair values ascribed to the net underlying assets acquired and is written off against reserves in the year of acquisition.

Upon disposal of such subsidiaries and associated companies, the relevant portion of attributable goodwill previously eliminated against reserves is accounted for in arriving at the gain or loss on disposal of the investment.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals on operating leases are charged to the profit and loss account on a straight-line basis over the lease terms.

Deferred taxation

Deferred taxation is provided, using the liability method, on all significant timing differences to the extent it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt.

Derivatives

Futures contracts and options are marked to market and unrealised gains or losses at the balance sheet date are recognised in the profit and loss account.

Notes to the Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Foreign currencies

The Company maintains its accounting records in United States dollars. Foreign currency transactions are recorded at the approximate 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 appropriate rates of exchange ruling at that date. Exchange differences are recognised in the profit and loss account.

Open foreign currency hedges are marked to market and unrealised gains or losses at the balance sheet date are recognised in the profit and loss account, unless the hedge is against a long term asset, when the unrealised gains or losses are recognised through the exchange fluctuation reserve.

On consolidation, the financial statements of consolidated subsidiaries and associated companies with reporting currencies other than United States dollars are translated into United States dollars at the exchange rates ruling at the balance sheet date. The resulting differences are included in the exchange fluctuation reserve.

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 profit and loss account as follows:

(a) investment management, advisory and administration fees; and placement, arrangement 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;

(b) profit or loss on sale of current investments is recognised when the title is passed;

(c) interest, on a time apportioned basis;

(d) dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend;

(e) stockbroking income is recognised as revenue on the transaction dates when the relevant contract notes are executed; and

(f) property management revenue is recognised on an accruals basis.

3. Restatement of Comparative Figures

The disclosure of investments in the comparative figures has been amended so that it is in line with the new SSAP 24 "Accounting for investments in securities", which is effective for the current period. Investments have been recategorised in the prior period balance sheet into "investment securities" and "other investments". In addition, extra line items have been included on the face of the consolidated profit and loss account and the balance sheets as required by SSAP 1 (revised) "Presentation of financial statements" and comparative figures have been reclassified accordingly.

Notes to the Financial Statements (continued)

3. Restatement of Comparative Figures (continued)

The exceptional item in the prior period profit and loss account of a loss of US$60,109,000, which related to the write down of investments in Russia and certain former Soviet satellite republics and losses on Eastern European stockbroking, has been included in turnover (corporate investment income and gains and losses) and expenses as relevant. In the current period, operating profit on core activities includes gains, both realised and unrealised, on investments which had been written down in the prior period as part of the exceptional loss.

4. Turnover

	2000 US$'000	1999 US$'000
Investment management, advisory, administration and performance fees	18,115	*25,463*
Placement, arrangement and other corporate finance and advisory fees and commissions	2,682	*2,713*
Property management	531	–
Stockbroking, including dealing profits and losses	1,257	*(7,674)*
	22,585	*20,502*

5. Related Party Transactions

The following is a summary of transactions with related parties during the year. All such transactions were entered into in the ordinary course of business.

(a) During the year, a sale and purchase agreement was entered into on 15 March 2000 (which was novated by a novation deed dated 5 April 2000 and further amended by a supplemental agreement dated 15 May 2000), pursuant to which the Company agreed to acquire 41,500 shares in Interman Holdings Limited, being its entire issued share capital, from Indigo Securities Limited. James Mellon was the guarantor to the agreement. The aggregate consideration for the acquisition of US$79,624,781 (or approximately HK$619,774,408) was satisfied by the issue by the Company of 134,620,213 ordinary shares and 86,728,147 non–voting convertible deferred shares. The agreement was completed on 16 May 2000 (see note 23).

James Mellon was interested in Indigo Securities Limited as it was indirectly wholly-owned by a discretionary trust, of which he was the sole beneficiary.

Jayne Sutcliffe, Chang-Kon Koh, David McMahon and Anderson Whamond were interested in BigSave.com Limited which in turn was the principal asset of Interman Holdings Limited and represented over 90% of the value of its total investments.

Robert Owen was interested in the acquisition to the extent that he was the Chairman of techpacific.com Limited, which acted as the adviser of Indigo Securities Limited.

(b) A share put option was entered into on 5 April 2000, pursuant to which Jayne Sutcliffe, David McMahon and David Curl agreed to acquire from the Company shares in Regent Europe Limited at a price of HK$0.12 per share up to a maximum of HK$20 million (or 166,666,667 shares) in the event that some shareholders of the Company chose cash in respect of the second interim dividend of HK$0.12 per share (with an alternative by way of a distribution in specie of one share in Regent Europe for every share held in the Company) declared by the Company for the year ended 31 March 2000. The share put option was completed on 16 May 2000, and Jayne Sutcliffe, David McMahon and David Curl acquired 100,000,000 shares, 25,000,000 and 41,666,667 shares in Regent Europe Limited respectively (see note 23).

Both Jayne Sutcliffe and David McMahon were Directors of the Company as well as Regent Europe Limited.

Notes to the Financial Statements (continued)

5. Related Party Transactions (continued)

(c) During the year, US$105,000 was paid to Burnbrae Ltd, a company connected with J Mellon, a director of iRegent.com Limited, for rental of property.

(d) Transactions with funds managed by iRegent.com companies

Over 95% of the turnover from investment management, advisory, administration and performance incentive fees; and placement, arrangement and other corporate finance and advisory fees and commissions is derived from funds over which the directors consider the Group has significant influence by virtue of its management, administration and advisory roles.

(e) Directors' interests in funds managed by iRegent.com companies

Certain directors have shareholdings in certain funds managed by iRegent.com companies.

6. Operating Profit/(Loss) on Core Activities

The Group's operating profit/(loss) on core activities was arrived at:

	2000 US$'000	1999 US$'000
After charging:		
Depreciation	578	*910*
Auditors' remuneration	315	*333*
Operating lease rental on property	1,132	*1,692*
Net realised loss on foreign exchange contracts	13,781	*760*
Realised loss on disposal of current investments	2,853	–
Realised loss on disposal of other non-current financial assets	17	–
Unrealised loss on open foreign exchange contracts	–	*15*
Unrealised losses on current investments	–	*10,197*
Loss on disposal of fixed assets	82	*405*
Loss on disposal of subsidiary companies	5,706	–
And after crediting:		
Unrealised profit on current investments	35,479	–
Unrealised profit on other non–current financial assets	5,793	–
Realised profit on disposal of non-current financial assets	–	*34*
Realised profit on disposal of current investments	–	*3,479*
Investment income from listed investments	202	*1,441*
Interest income	1,147	*1,666*
Exchange gain, net	11	*48*
Profit on disposal of subsidiary companies	321	–

Notes to the Financial Statements (continued)

7. Profits on Sales of Interests in Associates and Subsidiaries Under Temporary Control

During the period the Group acquired a 60% holding in Regent Korea Limited (now renamed KoreaOnline Limited ("KOL")) to which was sold the Group's investment in Daeyu Regent Securities Company Limited, an associated company. During the year, further shares in KOL were sold to the public, which diluted the Group's holding to less than 50% (see note 14). Therefore, this investment was considered to be a subsidiary under temporary control and was equity accounted for in the consolidated financial statements.

The consolidated profits on sales of interests in associates and subsidiaries under temporary control related to:

(a) the sale of 40% of the Group's interest in Daeyu Regent Securities Company Limited to the minority shareholders in KOL.

(b) the placing of 8,807,689 new shares in KOL at US$13 each, which reduced the Group's stake in KOL to 46.38%, and which is deemed a sale of part of the Group's interest.

8. Directors' and Highest Paid Individuals' Remuneration

Remuneration excludes amounts relating to share options (see note 18)

	2000 US$'000	1999 US$'000
Executive Directors		
Fees	–	–
Basic salaries and other emoluments	1,593	*1,387*
Discretionary bonuses	19,131	*820*
	20,724	*2,207*

	2000 US$'000	1999 US$'000
Non-Executive directors		
Fees	64	*31*
Discretionary bonuses	226	–
	290	*31*

The remuneration of directors, including remuneration in the period prior to their appointment, fell within the following bands:

		Number of Directors 2000	1999
HK$Nil - HK$1,000,000	(US$Nil - US$128,419)	2	*4*
HK$1,500,000 - HK$2,000,000	(US$192,629 - US$256,838)	1	*3*
HK$2,000,001 - HK$2,500,000	(US$256,839 - US$321,048)	–	*2*
HK$4,500,001 - HK$5,000,000	(US$577,886 - US$642,096)	–	*1*
HK$5,500,001 - HK$6,000,000	(US$642,097 - US$770,515)	–	*1*
HK$11,000,001 - HK$11,500,000	(US$1,412,620 - US$1,476,820)	1	–
HK$13,500,001 - HK$14,000,000	(US$1,733,659 - US$1,797,868)	1	–
HK$15,000,001 - HK$15,500,000	(US$1,926,288 - US$1,990,497)	1	–
HK$30,500,001 - HK$31,000,000	(US$3,916,785 - US$3,980,994)	1	–
HK$37,500,001 - HK$38,000,000	(US$4,815,719 - US$4,879,928)	1	–
HK$52,500,001 - HK$53,000,000	(US$6,742,006 - US$6,806,215)	1	–
		9	*11*

Notes to the Financial Statements (continued)

8. Directors' and Highest Paid Individuals' Remuneration (continued)

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

Highest paid individuals

All of the five highest paid individuals, (1999: five) were directors of the Company as at the year end, and their remuneration has been included in directors' remuneration.

9. Taxation

Profit and loss account

	2000 US$'000	1999 US$'000
Group:		
Hong Kong profits tax for the year	–	–
Overprovision of Hong Kong profits tax in respect of prior period	–	*(29)*
Overseas taxation:		
Group subsidiaries	1,314	*845*
Share of tax of associates and subsidiaries under temporary control	11,233	–
Deferred taxation (note 17)	(264)	*274*
	12,283	*1,090*

No provision for Hong Kong profits tax has been made in the 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.

Balance sheet

	2000 US$'000	1999 US$'000
Group:		
Overseas taxation	1,547	*1,246*

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

Provision for taxation of associates and subsidiaries under temporary control is not shown in the consolidated balance sheet.

10. Net Profit/Loss Attributable to Shareholders

The net profit attributable to shareholders dealt with in the financial statements of the Company amounted to US$60.7m (1999: loss of US$6.2m).

Notes to the Financial Statements (continued)

11. Dividends and Dividends Per Share

	2000 US$'000	1999 US$'000
Interim dividends of US1.0296cents (1999: US0.646cents)	9,466	*5,910*
Second interim dividend of US1.541cents (1999: nil) or a share in Regent Europe Limited	23,325	–
Third interim dividend of US0.5cents (1999: nil)	5,947	–
	38,738	*5,910*

The third interim dividend will be paid on 30 August 2000 to shareholders on the record on 4 August 2000.

The calculation of dividends per share is based on total dividends declared in the year, and the weighted average number of shares of 917,059,287 (1999: 926,565,521) in issue during the year.

12. Earnings/Loss Per Share

The calculation of earnings/loss per share is based on the net profit attributable to shareholders for the year of US$85.6m (1999: loss of US$50.3m) and the weighted average number of shares of 917,059,287 shares (1999: 926,565,521 shares) in issue during the year.

Diluted earnings per share is not presented, as the potential ordinary shares are not dilutive.

13. Fixed Assets

Group:

	Furniture and Fixtures US$'000	Computer and other Equipment US$'000	Motor Vehicles US$'000	Total US$'000
Cost:				
At beginning of year	1,465	1,385	273	3,123
Additions	108	176	–	284
Disposals	(145)	(52)	(7)	(204)
Disposals of subsidiaries	(415)	(558)	(50)	(1,023)
Exchange adjustment	(22)	(8)	(1)	(31)
At 31 March 2000	991	943	215	2,149
Accumulated depreciation:				
At beginning of year	604	824	246	1,674
Provided during the year	213	364	1	578
Disposals	(85)	(35)	(2)	(122)
Disposals of subsidiaries	(246)	(489)	(29)	(764)
Exchange adjustment	(4)	(2)	(1)	(7)
At 31 March 2000	482	662	215	1,359
Net book value:				
At 31 March 2000	509	281	–	790
At 31 March 1999	*861*	*561*	*27*	*1,449*

There were no fixed assets in the Company.

Notes to the Financial Statements (continued)

14. Interests in Subsidiaries

	Company 2000 US$'000	Company 1999 US$'000
Unlisted shares, at cost less provision	7,298	*10,914*
Subordinated loan to a subsidiary	16,345	*27,345*
	23,643	*38,259*

Other balances with subsidiaries are included within current assets and current liabilities.

Particulars of the principal subsidiaries at 31 March 2000 are as follows:

Name	Place of incorporation/ operation	Issued and fully paid share capital	Percentage of equity interest attributable to the Company: Direct	Indirect	Principal activities
Alphorn Management Limited	Barbados	Ordinary US$1	–	100%	Investment holding and marketing
Appleyard Investments Limited [1]	Cyprus	Ordinary CYP1,000	–	100%	Personnel and property services
Capital Nominees Limited	The British Virgin Islands	Ordinary US$1	–	100%	Corporate finance and structuring
Regent Europe Limited [1]	Cayman Islands	Ordinary US$20,000	100%	–	Investment management
Regent European Investments Limited [1]	Cayman Islands	Ordinary US$100,000	–	100%	Investment management
Regent European Property (Bulgaria) Limited [1]	Bulgaria	Ordinary BGN5,000	–	100%	Property services
Regent European Securities Limited [2, 3]	Russia	Ordinary RBS1,350,000,000	–	100%	Brokerage and investment services
Regent European Securities (Barbados) Limited [1]	Barbados	Ordinary US$14,695,000	90%	–	Investment holding
Regent European Securities (Cayman) Limited [1]	Cayman Islands	Ordinary US$1,000,002	–	100%	Holding Company
Regent Financial Services Limited	Hong Kong	Ordinary HK$5,000,000	–	100%	Marketing of unit trusts, investment holding and advisory services
Regent Fund Management Limited	Barbados	Ordinary US$150,000	–	100%	Investment Management
Regent Fund Management (IOM) Limited [1]	Isle of Man	Ordinary GBP20,000	–	100%	Investment management
Regent Fund Management (UK) Limited [1]	United Kingdom	Ordinary GBP100	100%	–	Investment management
Regent Pacific Corporate Advisory Limited [1]	Barbados	Ordinary GBP10	–	100%	Investment and investment research
Regent Pacific Corporate Advisory (Cyprus) Limited	Cyprus	Ordinary CYP1,000	–	100%	Investment Holding

Notes to the Financial Statements (continued)

14. Interests in Subsidiaries (continued)

Particulars of the principal subsidiaries at 31 March 2000 are as follows:

Name	Place of incorporation/ operation	Issued and fully paid share capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Regent Pacific Corporate Finance Limited [1]	United Kingdom	Ordinary GBP730,000	–	100%	Corporate finance
Regent Pacific (Cyprus) Limited [3]	Cyprus	Ordinary CYP1,000	–	100%	Investment holding
Regent Pacific Group (Cayman Islands) Limited	Cayman Islands	Ordinary US$1	100%		Holding Company
Regent Pacific Group (Hong Kong) Limited	Hong Kong	Ordinary HK$5,000,000	100%	–	Provision of management services
Regent Pacific Holdings (Cyprus) Limited [3]	Cyprus	Ordinary CYP1,131,000	–	100%	Investment holding
Regent Pacific Nominees (Cyprus) Limited [1]	Cyprus	Ordinary CYP1,000	–	100%	Nominee services
Regent Pacific Private Equity Limited	Barbados	Ordinary US$1	100%	–	Private equity
RPCA (L) Limited	Labuan	Ordinary US$1	–	100%	Investment holding
RPG (Bahamas) Limited	The Commonwealth of the Bahamas	Ordinary US$134,220	100%	–	Investment holding
Regent Special Projects Limited	United Kingdom	Ordinary GBP20,002	100%	–	Investment Management
Regent (US) Inc [1]	USA	Ordinary US$50,001	–	100%	Sales and Marketing
Sidebottom Holdings Limited	Cyprus	Ordinary CYP1,000	–	100%	Investment holding
Southwise Trading Limited [1]	Cyprus	Ordinary CYP1,000	–	100%	Investment Holding
Warman Trading & Investments Limited [3]	Cyprus	Ordinary CYP1,000	–	100%	Stockbroking

[1] These companies have been distributed out of the Group since the year end (see note 23)

[2] This company has a statutory financial year end of 31 December, as required by law in its jurisdiction. For the purposes of the Group accounts to 31 March 2000, financial statements to that date have been prepared and audited

[3] These companies have been disposed of since the year end (see note 23)

Notes to the Financial Statements (continued)

15. Interests in Associated Companies and Jointly Controlled Entity

	Group		Company	
	2000 US$'000	1999 US$'000	2000 US$'000	1999 US$'000
Listed shares, at cost (all outside Hong Kong)	–	–	–	*10,295*
Unlisted shares, at cost	–	–	92,028	*6*
Share of net assets other than goodwill:				
listed	–	*47,510*	–	–
unlisted	90,256	*5*	–	–
	90,256	*47,515*	92,028	*10,301*
Market value of listed shares	–	*36,078*	–	*19,278*

During the year the Group acquired a further 33.6% interest in Daeyu Regent Securities Co Limited for a consideration of US$39.9m and sold all its interests to KoreaOnline Limited for a consideration of US$37.9m in cash and 18,000,000 shares of KoreaOnline Limited (representing 60% of the issued capital at the time of disposal).

The principal associated companies are as follows:

Name	Place of Incorporation	Attributable to the Group Direct	Attributable to the Group Indirect	Principal Activities
KoreaOnline Limited	Cayman Islands	46.4%	–	Investment holding
Exchangebet.com Holdings Ltd	British Virgin Islands	49.9%	–	Online betting

KoreaOnline Limited principally operates in Korea. Exchangebet.com Holdings Ltd has its principal centre of operation in the Isle of Man.

In addition, as at the year end, the Group owned more than 20% but not more than 50% of the issued share capital of the following fund:

Name	Place of Incorporation	Percentage of equity attributable to the Group Direct	Percentage of equity attributable to the Group Indirect	Principal activities	Carrying value of holding at 31 March 2000 US$'000
Eastern Europe Money Market Fund Ltd	Bermuda	–	39.3%	Investment holding	6,900

This fund has not been accounted for as an associate in the consolidated balance sheet, in accordance with the accounting policy for investments in funds managed by iRegent.com companies (page 38).

The Group has a 25% interest in a jointly controlled entity, SWR Investments Limited, a company incorporated in the Cayman Islands, which invests in banking and financial entities in Eastern Europe. This interest is stated at its cost to the Group as no profits have yet been earned by the company.

Notes to the Financial Statements (continued)

15. Interests in Associated Companies and Jointly Controlled Entity (continued)

As the value of the Group's holding in KoreaOnline Limited ("KOL") was significant to the Group, further details regarding KOL's results for the year ended 31 March 2000 and balance sheet as at 31 March 2000 are disclosed as follows:

	US$'000
Results information (as adjusted to the Group's accounting policies)	
Turnover	98,357
Operating profit	39,281
Share of loss of associates	(4,156)
Profit before tax	35,125
Taxation	(15,030)
Profit after tax	20,095
Minority interests	(10,293)
Net profit	9,802
Balance Sheet information:	
Fixed assets	24,344
Interest in associated companies	(17,403)
Long term investments	19,832
Total non-current assets	26,773
Non current liabilities	(803)
Net non-current assets	25,970
Current assets	511,287
Current liabilities	(271,959)
Net assets	265,298

Notes to the Financial Statements (continued)

16. Investments

Other non-current financial assets:

	Group		Company	
	2000 US$'000	1999 US$'000	2000 US$'000	1999 US$'000
Investment securities:				
Unlisted investments (equity securities)	446	*19*	446	*19*
Other investments:				
Listed outside Hong Kong (equity securities)	362	*252*	362	*252*
Unlisted investments (equity securities)	15,429	*4,783*	3,997	*431*
	16,237	*5,054*	4,805	*702*

Current investments:

	Group 2000 US$'000	Group 1999 US$'000	Company 2000 US$'000	Company 1999 US$'000
Other investments:				
Listed in Hong Kong	–	*646*	–	–
Listed outside Hong Kong				
Equity securities	6,199	*22,063*	–	–
Debt securities	1,307	*1,410*	–	–
Unlisted investments				
Equity securities	24,006	*12,105*	–	–
Debt securities	957	*352*	–	–
	32,469	*36,576*	–	–

17. Deferred Taxation

The principal components of the Group's provision for deferred taxation liability are as follows:

	Group	
	2000 US$'000	1999 US$'000
Accelerated capital allowances	47	*115*
Other timing differences	96	*292*
	143	*407*

There is no unprovided deferred taxation.

Notes to the Financial Statements (continued)

18. Share Capital

Shares

	Company 2000 US$'000	1999 US$'000
Authorised:		
2,000,000,000 ordinary shares of US$0.01 each	20,000	*20,000*
Issued and fully paid:		
926,838,110 (1999: 914,695,799) ordinary shares of US$0.01 each	9,268	*9,147*

During the year ended 31 March 2000, 15,701,311 ordinary shares were issued for a total consideration of HK$17,497,206 (or approximately US$2,242,000) pursuant to the exercise of options in respect of 15,710,311 shares.

On 17 March 2000, the Company repurchased 3,559,000 of its own shares on The Stock Exchange of Hong Kong Limited at the highest and lowest prices of HK$3.175 and HK$2.700 per share respectively. The aggregate consideration paid for such repurchases amounted to HK$10,531,775 (or approximately US$1,353,000).

Subsequent to 31 March 2000, there were the following changes in the share capital of the Company:

a. At the extraordinary general meeting of the Company held on 16 May 2000, the authorised share capital of the Company was increased to US$20,867,281.47 divided into 2,000,000,000 ordinary shares of US$0.01 each and 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.

b. On 17 May 2000, 134,620,213 ordinary shares and 86,728,147 non-voting convertible deferred shares in the Company were allotted as consideration for the acquisition by the Company of 41,500 shares in Interman Holdings Limited upon completion of a sale and purchase agreement dated 15 March 2000 (as novated by a novation deed dated 5 April 2000 and further amended by a supplemental agreement dated 15 May 2000).

c. An aggregate of 41,223,965 ordinary shares were issued for a total consideration of HK$51,881,159.30 (or approximately US$6,663,000) pursuant to the exercise of options in respect of 41,223,965 shares.

d. In May 2000, the Company repurchased an aggregate of 2,513,000 of its own shares on The Stock Exchange of Hong Kong Limited at the highest and lowest prices of HK$1.550 and HK$1.390 per share respectively. The aggregate consideration paid for such repurchases amounted to HK$3,738,475.60 (or approximately US$480,000).

All the repurchased shares were cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The premium and brokerage expense payable on repurchase was charged against share premium. An amount equivalent to the nominal value of the shares cancelled was transferred from retained profits to capital redemption reserves (note 19).

Notes to the Financial Statements (continued)

18. Share Capital (continued)

Warrants

On 9 June 2000, the Company issued and allotted, by way of bonus, an aggregate of 237,882,087 units of registered warrants exercisable during the period from 9 June 2000 up to and including 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. No subscriptions of these warrants were exercised before the date of this annual report.

Share options

Under the terms of the Company's employee share option scheme approved by the shareholders on 24 July 1996 and as amended on 27 May 1998 and deemed to have commenced on 15 July 1994 to replace and succeed two previous share option schemes of the Company (which had both commenced on 15 July 1994 and which both lapsed on 2 July 1996), the directors may at their discretion invite employees, including directors, to take up options to subscribe for shares of the Company at any time during the 10 years from the date of the scheme's approval.

During the year ended 31 March 2000, options in respect of 15,701,311 (1999: 2,070,670) shares were exercised and options in respect of 34,250,005 (1999: 10,976,680) shares lapsed. Options in respect of an aggregate of 50,182,005 (1999: 16,900,000) shares were granted. At the balance sheet date, the Company had outstanding share options entitling the holders to subscribe in stages from the respective dates of grant for a period of 60 months for an aggregate of 48,480,679 (1999: 48,249,990) ordinary shares of US$0.01 each at exercise prices ranging from HK$1.00 to HK$3.00 per share. Exercise in full of such share options would result in the issue of 48,480,679 additional ordinary shares of US$0.01 each for aggregate proceeds, before expenses, of approximately HK$65,112,265.30 (or approximately US$8,362,000).

Changes in the share options subsequent to the year end date are set out below:

a. options in respect of 41,223,965 shares were exercised;

b. options in respect of 2,750,000 shares lapsed; and

c. options in respect of 2,500,000 shares were granted.

Accordingly, as at the date of this annual report, the Company has outstanding share options entitling the holders to subscribe for an aggregate of 7,006,714 shares at exercise prices ranging from HK$1.00 to HK$1.91 per share.

The maximum number of shares in respect of which options may be granted under the share option scheme when aggregated with any securities subject to any other scheme may not exceed 10% of the issued share capital of the Company from time to time. The maximum number of shares in respect of which options may be granted to any one employee shall not exceed 25% of the maximum number of shares in respect of which options may be granted under the share option scheme.

The board of directors may impose restrictions on the exercise of subscription rights and the exercise price is to be determined by the directors in their absolute discretion provided that in no event shall such price be less than the higher of the nominal value of the shares and 80% of the average of the closing prices of the shares on The Stock Exchange of Hong Kong Limited on the five trading days immediately preceding the date of the grant of the option.

Notes to the Financial Statements (continued)

19. Reserves

2000

	Retained Profits US$'000	Share Premium US$'000	Capital Redemption Reserve US$'000	Goodwill Reserve US$'000	Foreign Currency Exchange Reserve US$'000	Total US$'000
Group						
At 31 March 1999	17,010	64,988	1,143	11,846	2,365	97,352
Excess of amount received over the par value of shares issued by the Company		2,092				2,092
Excess of amount paid over the par value of shares repurchased		(1,324)				(1,324)
Transfer from retained profits in respect of repurchases of shares	(36)		36			–
Movement on goodwill				(37,739)		(37,739)
Foreign currency translation adjustment					1,829	1,829
Profit for the year	85,564					85,564
Dividends	(38,738)					(38,738)
At 31 March 2000	63,800	65,756	1,179	(25,893)	4,194	109,036

1999

	Retained Profits US$'000	Share Premium US$'000	Capital Redemption Reserve US$'000	Goodwill Reserve US$'000	Foreign Currency Exchange Reserve US$'000	Total US$'000
Group						
At 31 March 1998	73,390	66,674	962	(1,094)	(431)	139,501
Excess of amount received over the par value of shares issued by the Company		247				247
Excess of amount paid over the par value of shares repurchased		(1,933)				(1,933)
Transfer from retained profits in respect of repurchases of shares	(181)		181			–
Movement on goodwill				12,940		12,940
Foreign currency translation adjustment					2,796	2,796
Loss for the year	(50,289)					(50,289)
Dividends	(5,910)					(5,910)
At 31 March 1999	17,010	64,988	1,143	11,846	2,365	97,352

Notes to the Financial Statements (continued)

19. Reserves (continued)

	2000 US$'000	1999 US$'000
Profit/(Loss) for the year in:		
Group	64,619	*(54,540)*
Associates and subsidiaries under temporary control	20,945	*4,251*
	85,564	*(50,289)*

	2000 US$'000	1999 US$'000
Profits retained by:		
Company	27,968	*6,033*
Subsidiaries	31,091	*6,726*
Associated companies	4,741	*4,251*
Group Total	63,800	*17,010*

2000

	Share Premium Account US$'000	Retained Profits US$'000	Capital Redemption Reserve US$'000	Foreign Currency Exchange Reserve US$'000	Total US$'000
Company					
At 31 March 1999	67,253	6,033	1,143	79	74,508
Excess of amount received over the par value of shares issued	2,092				2,092
Excess of amount paid over the par value of shares bought back	(1,324)				(1,324)
Transfer from retained profits in respect of repurchase of shares		(36)	36		–
Profit for the year (note 10)		60,709			60,709
Dividends (note 11)		(38,738)			(38,738)
At 31 March 2000	68,021	27,968	1,179	79	97,247

	Share Premium Account US$'000	Retained Profits US$'000	Capital Redemption Reserve US$'000	Foreign Currency Exchange Reserve US$'000	Total US$'000
Company					
At 31 March 1998	68,939	18,309	962	79	88,289
Excess of amount received over the par value of shares issued	247				247
Excess of amount paid over the par value of shares bought back	(1,933)				(1,933)
Transfer from retained profits in respect of repurchase of shares		(181)	181		–
Loss for the year (note 10)		(6,185)			(6,185)
Dividends (note 11)		(5,910)			(5,910)
At 31 March 1999	67,253	6,033	1,143	79	74,508

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

Notes to the Financial Statements (continued)

20. Notes to the Consolidated Cash Flow Statement

a. Reconciliation of operating profit/(loss) from core activities to net cash outflow from operating activities

	2000 US$'000	1999 US$'000
Operating profit/(loss) from core activities	46,903	*(50,449)*
Interest income	(1,147)	*(1,666)*
Depreciation	578	*910*
Provision for unrealised (profit)/loss on foreign exchange contracts and current investments	(35,479)	*57,060*
Loss on disposal of fixed assets	82	*405*
Exchange loss on fixed assets	58	–
Share of profits of associates and subsidiaries under temporary control	(32,178)	*(4,251)*
Loss on disposal of current investments	2,853	*3,049*
Loss/(profit) on sale of other non-current financial assets	17	*(34)*
Unrealised gain on other non-current financial assets	(5,793)	–
(Increase)/decrease in accounts receivable	(17,869)	*48,330*
Decrease/(increase) in prepayments, deposits and other receivables	7,541	*(5,465)*
Increase/(decrease) in accounts payable, accruals and other payables	19,780	*(58,855)*
Net cash outflow from operating activities	(14,654)	*(10,966)*

b. Analysis of changes in financing during the year

	Share Capital US$'000	Share Premium US$'000	Minority Interests US$'000	Total US$'000
At 31 March 1999	9,147	64,988	526	74,661
Cash inflow from issue of shares	150	2,092		2,242
Cash outflow from repurchase of shares	(29)	(1,324)		(1,353)
Share of profit for the year			534	534
Disposal of subsidiary			(1,006)	(1,006)
At 31 March 2000	9,268	65,756	54	75,078

c. Major non-cash transactions

As disclosed in note 7, during the period the Group made a profit of US$57.3m on sales of interests in associates and subsidiaries under temporary control. The consideration for these sales included an amount of cash and shares in KoreaOnline Limited, together with an increased monetary interest in KoreaOnline Limited after the private placing of shares in that company.

Notes to the Financial Statements (continued)

21. Off Balance Sheet Exposures

Derivatives

At the balance sheet date, there were no outstanding positions in relation to off-balance sheet financial instruments arising from forwards and options transactions (derivatives) undertaken by the Group in the foreign exchange and equity markets.

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.

The following is a summary of the notional amounts of each type of derivative:

Group

	2000 US$'000	1999 US$'000
Foreign exchange forward purchases	–	*44,163*
Foreign exchange forward sales	–	*64,009*
Traded futures sold	–	*10,833*
Realised loss on derivatives trading in the year	(13,781)	*(1,265)*
Unrealised loss on derivatives held at the year end	–	*(10,628)*

The notional amounts of these instruments indicate the volume of transactions outstanding at the balance sheet date; they do not represent amounts at risk.

The purchase and sale of derivatives are subject to limits as established by the Board. 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 31 March 2000, the amount of these margin deposits was US$771,000 (1999: US$7,600,000).

Notes to the Financial Statements (continued)

21. Off Balance Sheet Exposures (continued)

Commitments

	2000 US$'000	1999 US$'000
Group		
Operating lease commitments during the next twelve months are as follows:		
Property, expiring:		
Within one year	12	*457*
In the second to fifth years, inclusive	944	*348*
Over five years	–	*272*
	956	*1,077*

Company

The Company has no lease commitments.

22. 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 accounted for by the five largest of these companies amounted to 50%. The largest single contribution by one fund company amounted to 15% of the turnover 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.

Notes to the Financial Statements (continued)

23. Post Balance Sheet Events

On 16 May 2000, shareholders approved the following items in accordance with the details sent out by the Company on 20 April 2000:

(a) Acquisition of Interman Holdings Limited in exchange for shares and non-voting convertible deferred shares.

(b) Distribution of a second interim dividend of HK$0.12 in cash or an alternative of one share in Regent Europe Limited.

(c) Issue of warrants to subscribe in new shares of the Company at any time between 9 June 2000 and 30 June 2003 at a subscription price of HK$2.80.

(d) Change of name to iRegent.com Limited.

Item (a) above led to the issue of 221,348,360 new shares, in total, for the acquisition of assets valued at US$79.6m.

Item (b) above was accepted in respect of 411,266,180 shares in cash and 778,144,255 shares as a distribution of Regent Europe Limited. Additionally the special purchase arrangements, as defined in the document of 20 April 2000, led to the sale of 166,666,667 shares in Regent Europe Limited by the Company. Accordingly, the Company now holds 244,599,513 shares representing 20.56% of the equity of Regent Europe Limited.

Item (c) led to the issue of 237,882,087 warrants to subscribe. At the time of signing of these financial statements, no warrants had been exercised.

As at 31 March 2000, additional shares had been placed by KoreaOnline Limited such that the Group had reduced its percentage ownership to 46.38%. KoreaOnline Limited used the majority of proceeds of the placement to fund the acquisition and recapitalisation of Haedong Insurance Company Limited, now renamed Regent Insurance Company Limited. As at 31 March, KoreaOnline Limited, owned 47.2% of the outstanding equity. Regent Insurance Company Limited placed an additional 15,228,000 shares in a rights issue which completed on 16 June 2000. As a result of an underwriting commitment, KoreaOnline Limited acquired 14,449,800 shares taking its percentage ownership of Regent Insurance Company Limited to 83.5%.

On acquisition of the stake in Regent Insurance Company Limited by KoreaOnline Limited, that company had an approximate deficit as regards shareholders funds of US$115m (as adjusted to HK GAAP). Allowing for the percentage ownership, this gave rise to goodwill on acquisition (see note 19). The increase in effective percentage ownership after 31 March 2000 is expected to give rise to further goodwill within iRegent Group of approximately US$20m during the year to 31 March 2001.

On 20 June 2000 the Company, in conjunction with the management of Regent Europe Limited, completed the disposal of its remaining stockbroking interests in Russia and Eastern Europe. The financial implications of this disposal are allowed for in the financial statements to 31 March 2000 as the initial decision to cease operations in this area was made in March 2000.

The Directors do not consider it practicable to estimate the effect on pre-tax profit of the above post balance sheet events.

24. Comparative Amounts

Certain comparative amounts have been reclassified to conform to the current year's presentation (see also note 3).

Unaudited Appendix to the Financial Statements

for the year ended 31 March 2000

Unaudited Proforma Balance Sheet at 31 March 2000

Set out below, for illustrative purposes only, is the unaudited proforma balance sheet for the Group after the completion of the following material matters which occurred after the year end date.

- Acquisition of Interman Holdings Limited (see notes 18 and 23 to the financial statements)
- Distribution of controlling interest in Regent Europe Limited (see notes 11 and 23 to the financial statements)
- Acquisition by KoreaOnline Limited of a controlling interest in Regent Insurance Company Limited (see note 23 to the financial statements)
- Issue of new shares pursuant to the exercise of options (see note 18 to the financial statements)

	Actual US$'000	Proforma Adjustments US$'000	Proforma US$'000
Fixed assets: plant and equipment	790	(462)	328
Interests in associated companies	90,256	(14,123)	76,133
Interest in jointly controlled entity	2,350	(2,350)	–
Other non-current financial assets	16,237	75,392	91,629
Total non-current assets	109,633	58,457	168,090
Deferred taxation	(143)	41	(102)
Net non-current assets	109,490	58,498	167,988
Current assets			
Cash and bank balances	8,442	(3,633)	4,809
Current investments	32,469	(15,072)	17,397
Accounts receivable	26,638	(16,156)	10,482
Prepayments, deposits and other receivables	3,810	(1,907)	1,903
Current liabilities			
Accounts payable, accruals and other payables	(31,672)	20,674	(10,998)
Taxation - current	(1,547)	50	(1,497)
Proposed interim dividend	(29,272)	23,325	(5,947)
Net current assets	8,868	7,281	16,149
Net assets	**118,358**	**65,779**	**184,137**
Share capital	9,268	2,625	11,893
Reserves			
Share Premium	65,756	83,663	149,419
Goodwill and Other Reserves	(20,520)	(19,438)	(39,958)
Retained Profits	63,800	(1,071)	62,729
	109,036	63,154	172,190
Shareholders' equity	118,304	65,779	184,083
Minority interests	54	–	54
Capital and reserves	**118,358**	**65,779**	**184,137**

Unaudited Appendix to the Financial Statements (continued)

for the year ended 31 March 2000

Notes on the Production of this Proforma

The acquisition of Interman Holdings Limited for shares gave rise to a share premium account increase of US$77.4m. It has been assumed that the underlying assets acquired are treated as non-current financial assets taken at the fair values ascribed to them for the calculation of the purchase price as disclosed to shareholders in the announcements concerning the matter. The Group is not proposing to consolidate its stake in bigsave Holdings plc as it is regarded as unlikely to remain as a subsidiary or associate in the medium term. Directors will review the appropriateness of this treatment from time to time.

The second interim dividend accrued in the audited financial statements was calculated by reference to the numbers of shareholders taking cash or the alternative of a share in Regent Europe Limited, and shown as a current liability. Proforma adjustments have been made which reflect the payment of that dividend in cash or in kind as appropriate, and the recategorisation of the remaining stake as an associate of the Group. Additionally the effect of the special purchase arrangements has been allowed for.

The acquisition by KoreaOnline Limited of an additional interest in Regent Insurance Company Limited has the effect of creating a further goodwill adjustment. This reduces the value at which the stake in KoreaOnline Limited is carried in the audited financial statements of the Group.

A significant number of new shares have been issued pursuant to the exercise of options as indicated in note 18. These give rise to a further increase to share premium account of US$6.3m.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company for the year 2000 will be held at 904-906 Asia Pacific Finance Tower, 3 Garden Road, Central, Hong Kong on Monday, 18 September 2000 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 2000.

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 issue, allot and otherwise deal with additional shares of US$0.01 each in the capital of the Company ("Shares") and to make or grant offers, agreements and options in respect thereof, subject to the following conditions:

   (a) such mandate shall not extend beyond the Relevant Period save that the Directors may, during the Relevant Period, make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;

   (b) the aggregate number of Shares to be allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to this Resolution, otherwise than pursuant to (i) a Rights Issue; (ii) the exercise of rights of subscription or conversion under the terms of any warrants or any other securities issued by the Company carrying rights to subscribe for or purchase or convert into Shares; or (iii) the exercise of share options under any employee share option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares, shall not exceed 20 per cent of the issued share capital of the Company as at the date of the passing of this Resolution;

   (c) such mandate shall be additional to the authority given to the Directors at any time to allot and issue additional Shares pursuant to the exercise of subscription rights under any warrants or any options under any employee share option scheme of the Company; and

   (d) for the purposes of this Resolution:

   "Relevant Period" means the period from the date of the passing of this Resolution until whichever is the earlier of:

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

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

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

   "Rights Issue" means the allotment, issue or grant of Shares pursuant to an offer (open for a period fixed by the Directors) made to holders of the Shares or any class thereof on the Register of Members of the Company on a fixed record date pro rata to their then holdings of such Shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in, or in any territory outside, Hong Kong)."

Notice of Annual General Meeting (continued)

5. 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, (i) its own shares of US$0.01 each ("Share(s)") and (ii) its own registered warrants exercisable during the period from 9 June 2000 up to and including 30 June 2003, both days inclusive, at an initial subscription price of HK$2.80 per Share, subject to adjustment ("Warrants 2003"), 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 and Warrants 2003 at such prices as the Directors may at their discretion determine;

(c) the aggregate number of Shares and Warrants 2003 to be repurchased by the Company pursuant to this Resolution during the Relevant Period shall not exceed (i) 10 per cent of the issued share capital and (ii) 10 per cent of the outstanding Warrants 2003 as at the date of the passing of this Resolution respectively; and

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

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

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

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

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

As an Ordinary Resolution:

"THAT, conditional upon the passing of Ordinary Resolutions numbered 4 and 5 above, the aggregate number of Shares which may from time to time be repurchased by the Company pursuant to, and in accordance with, the general mandate granted under Ordinary Resolution numbered 5 shall be added to the aggregate number of Shares that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to, and in accordance with, the general mandate granted under Ordinary Resolution numbered 4."

7. As special business, to consider and, if thought fit, pass the following resolution

As a Special Resolution:

"THAT, subject to the approval by the Registrar of Companies of the Cayman Islands, the name of the Company be changed to "iRegent Group Limited"."

By order of the Board of
iRegent.com Limited

Romi Williamson
Company Secretary
Hong Kong, 14 July 2000

Notice of Annual General Meeting (continued)

Notes:

(1) The Directors standing for re-election are David Paterson, Peter Everington and Jayne Sutcliffe.

(2) The general mandate granted to the Directors of the Company at its extraordinary general meeting held on 16 May 2000 to allot, issue and otherwise deal with additional shares in the Company up to a maximum of 20 per cent of the then issued share capital will expire at the conclusion of the annual general meeting of the Company for the year 2000 convened by this notice (the "2000 Annual General Meeting"). Hence, the Directors propose Ordinary Resolution numbered 4 to renew the aforesaid general mandate.

The Directors currently have no immediate plans to issue any additional new shares in the Company. The aforesaid share issue mandate, if approved at the 2000 Annual General Meeting, will expire at the conclusion of the next annual general meeting of the Company unless it is revoked or varied by shareholders' resolution.

(3) Members are recommended to read the appendix to this notice which contains important information concerning Ordinary Resolution numbered 5 in respect of share 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.

(5) In order for it to be valid, the form of proxy and 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 at the principal place of business in Hong Kong of the Company at 904-906 Asia Pacific Finance Tower, 3 Garden Road, Central, Hong Kong not later than 11:00 am on Saturday, 16 September 2000.

(6) In the case of joint registered holders of any shares, 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 holders. For this purpose, seniority shall be determined by the order in which the names of the holders stand in the Register of Members.

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

Appendix

10.06(1)(b)(xi) The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this Appendix, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Appendix.

General Mandate to Repurchase Shares and Warrants

The general mandate granted to the directors of the Company (the "Directors") at the extraordinary general meeting of the Company held on 16 May 2000 to repurchase, on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), (i) its own shares of US$0.01 each ("Share(s)") up to a maximum of 10 per cent of the then issued share capital and (ii) its own registered warrants exercisable during the period from 9 June 2000 up to and including 30 June 2003, both days inclusive, at an initial subscription price of HK$2.80 per Share, subject to adjustment ("Warrants 2003") up to a maximum of 10 per cent of the outstanding Warrants 2003 in issue immediately following its issue will expire at the conclusion of the annual general meeting of the Company for the year 2000 convened to be held on Monday, 18 September 2000 (the "2000 Annual General Meeting") provided that it is not revoked or varied before then. Hence, the Directors propose Ordinary Resolution numbered 5 at the 2000 Annual General Meeting to renew such general mandate.

This Appendix provides shareholders with all the information reasonably necessary to enable them to make an informed decision as to whether to vote in favour of or against the resolution proposed to approve the repurchase mandate.

(1) Repurchase mandate

10.06(1)(a)(i), 10.06(1)(b)(i) & 10.06(1)(c) Ordinary Resolution numbered 5 set out in the notice convening the 2000 Annual General Meeting (the "2000 AGM Notice") will, if passed, grant an unconditional general mandate to the Directors authorising the repurchase by the Company of up to (i) 10 per cent of the fully paid Shares in issue and (ii) 10 per cent of the outstanding Warrants 2003 as at the date of the 2000 Annual General Meeting at any time until the end of the Relevant Period as defined in Ordinary Resolution numbered 5 set out in the 2000 AGM Notice (the "Repurchase Mandate").

As at 1 August 2000 (the "Latest Practicable Date"), being the latest practicable date prior to the printing of this Appendix, there were 1,186,902,435 Shares (including 86,728,147 non-voting convertible deferred shares) in issue and 237,877,087 units of Warrants 2003 outstanding. Accordingly, on the assumption that prior to the date of the 2000 Annual General Meeting, (i) no additional Shares will be issued, (ii) no Shares will be repurchased by the Company and (iii) no subscription rights attaching to the Warrants 2003 will be exercised, exercise in full of the Repurchase Mandate would result in up to 118,690,243 Shares and 23,787,708 units of Warrants 2003 being repurchased by the Company during the Relevant Period.

10.06(2)(a) & 10.06(2)(b) In any one calendar month the Company shall not purchase securities on the Stock Exchange more than 25 per cent of the total number of that kind of securities which were traded on the Stock Exchange in the preceding calendar month, as stated in the Stock Exchange's daily quotations sheets for the previous month. The Company shall not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

10.06(1)(b)(vi) The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the laws of the Cayman Islands.

Appendix

(2) Reasons for repurchases

10.06(1)(b)(ii) The Directors believe that it is in the best interests of the Company and its shareholders for the Directors to have a general authority from shareholders to enable the Company to repurchase its securities. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders.

(3) Funding of repurchases

10.06(1)(b)(iii) In repurchasing Shares or Warrants 2003, the Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles of Association and the laws of the Cayman Islands. Such funds may include capital paid up on the purchased securities, profits otherwise available for dividends or the proceeds of a new issue of Shares.

10.06(1)(b)(iv) If the Repurchase Mandate were exercised in full, there could be a material adverse effect on the working capital position of the Company and its subsidiaries (the "Group") or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Group (as compared with the position disclosed in the audited consolidated financial statements as at 31 March 2000). The Directors therefore do not propose to exercise the Repurchase Mandate to such an extent unless the Directors determine that such repurchases are, taking account of all relevant factors, in the best interests of the Group.

(4) Status of repurchased securities

10.06(5) The listing of all securities repurchased by a listed company (whether on the Stock Exchange or otherwise) shall be automatically cancelled upon repurchase and the corresponding certificates will be cancelled and destroyed as soon as reasonably practicable following the settlement of any such purchases. Under the Cayman Islands law, the securities so repurchased will be treated as having been cancelled.

Repurchases of Shares or Warrants 2003 will not cause any change in the authorised share capital of the Company.

(5) Repurchases of securities

10.06(1)(b)(viii) During the six months immediately preceding the Latest Practicable Date, the Company repurchased an aggregate of 6,072,000 Shares on the Stock Exchange:

Date of repurchase (2000)	Number of Shares repurchased	Highest price per Share paid (HK$)	Lowest price per Share paid (HK$)
17 March	3,559,000	3.175	2.700
24 May	457,000	1.420	1.390
25 May	510,000	1.490	1.480
26 May	205,000	1.490	1.470
30 May	224,000	1.480	1.460
31 May	1,117,000	1.550	1.480
	6,072,000		

The aggregate consideration paid for such repurchases amounted to HK$14,270,250.60. The repurchased Shares had been cancelled accordingly.

The Warrants 2003 were issued on 9 June 2000. No warrants were repurchased prior to the Latest Practicable Date.

Appendix

(6) Market prices

10.06(1)(b)(x) The highest and lowest prices at which the Shares and Warrants 2003 were traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

	Shares		Warrants 2003*	
Month	Highest traded price per Share (HK$)	Lowest traded price per Share (HK$)	Highest traded price per Share (HK$)	Lowest traded price per Share (HK$)
1999				
August	1.450	1.350	–	–
September	1.700	1.370	–	–
October	1.570	1.400	–	–
November	1.960	1.440	–	–
December	1.850	1.500	–	–
2000				
January	3.000	1.510	–	–
February	3.100	2.025	–	–
March	3.200	2.150	–	–
April	2.450	1.700	–	–
May	1.980	1.370	–	–
June	1.850	1.500	0.350	0.144
July	1.870	1.300	0.440	0.330

*The Warrants 2003 were issued on 9 June 2000.

(7) General

10.06(1)(b)(v) None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates intends to sell any Shares or Warrants 2003 to the Company or its subsidiaries under the Repurchase Mandate if such mandate is approved by shareholders.

10.06(1)(b)(ix) No other connected persons (as defined in the Listing Rules) have notified the Company that they intend to sell Shares or Warrants 2003 to the Company or have undertaken to the Company not to do so, in the event that the Repurchase Mandate is approved by shareholders.

10.06(1)(b)(vii) If, as a result of a share repurchase by the Company, a shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). Accordingly, a shareholder, or groups of shareholders acting in concert, could, depending upon the level of increase in shareholding interest(s), obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. As at the Latest Practicable Date, the Directors were not aware of any shareholders, or groups of shareholders acting in concert, who would come to hold more than 35 per cent of the Shares if the Repurchase Mandate were exercised in full.

10.06(2)(f) Any purchase of Shares which would result in the number of Shares held by the public being reduced to less than 25 per cent of the Shares then in issue could only be implemented with the agreement of the Stock Exchange to waive the Listing Rules requirements regarding the public shareholding.

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