

Report of the Directors

The directors of the Company (the "Directors") submit herewith their report and the audited financial statements of the Company and the Group for the year ended 31 March 2001 (the "Financial Statements").

Principal Activities

During the year ended 31 March 2001, the Company's principal activity was investment holding, and the Group's principal activities consisted of asset management; provision of investment advisory services, corporate finance and advisory services; property management; corporate investment and internet-related retailing.

Principal activities of the respective subsidiaries of the Company during the year are set out in note 16 to the Financial Statements.

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 2001 were as follows:

	31 March 2001		31 March 2000	
	Turnover US\$'000	Contribution to operating profit US\$'000	Turnover US\$'000	Contribution to operating profit US\$'000
By activity:				
Asset management	7,168	4,467	18,115	4,928
Corporate finance	273	(734)	2,682	399
Property management	463	215	531	(104)
Corporate investment	(11,301)	(12,509)	32,073	16,150
Stockbroking	–	–	1,257	(1,532)
Internet retailing	2,653	(8,268)	–	–
	(744)	(16,829)	54,658	19,841
Expenses:				
General and administration expenses		(5,790)		(5,116)
Turnover less expenses		(22,619)		14,725
By geographical area:				
North America	146	162	6,250	3,822
Asia Pacific	(455)	(3,792)	2,934	(6,040)
Australasia	497	298	(16)	(426)
Eastern Europe	285	(961)	33,914	21,489
Russia	(1,118)	(1,492)	17,845	10,018
Western Europe	(202)	(11,165)	(5,158)	(7,626)
Other emerging markets	103	121	(1,111)	(1,396)
	(744)	(16,829)	54,658	19,841
Expenses:				
General and administration expenses		(5,790)		(5,116)
Turnover less expenses		(22,619)		14,725

Report of the Directors (continued)

Results and Dividends

The Group's loss for the year ended 31 March 2001 and the state of affairs of the Company and the Group as at that date are set out in the Financial Statements on pages 28 to 75.

No interim dividend was paid during the year ended 31 March 2001 (2000: a first interim dividend of US1.0296 cents (or HK8 cents) per share; a second interim dividend of HK\$0.12 (or US1.541 cents) per share with an in specie alternative of one share in Charlemagne Capital Limited (formerly Regent Europe Limited); and a third interim dividend of US0.5 cents (or HK3.9 cents) per share).

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2001 (2000: Nil).

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				
	2001 US\$'000	2000 US\$'000	1999 US\$'000	1998 US\$'000	1997 US\$'000
Turnover	(744)	54,658	(32,197)	126,843	59,072
Turnover less expenses	(22,619)	14,725	(54,700)	78,527	35,929
Shares of (losses)/profits of associated companies	(53,440)	32,178	4,251	(398)	(1,723)
Operating (loss)/profit on core activities	(76,059)	46,903	(50,449)	78,129	34,206
(Losses)/profits on non-core activities	(22,193)	51,940	1,174	(239)	48
Operating (loss)/profit from ordinary activities	(98,252)	98,843	(49,275)	77,890	34,254
Finance costs – interest on bank overdraft	(358)	(462)	(688)	(454)	(366)
(Loss)/profit on ordinary activities before taxation	(98,610)	98,381	(49,963)	77,436	33,888
Taxation	(2,840)	(12,283)	(1,090)	(1,679)	(1,496)
(Loss)/profit after taxation	(101,450)	86,098	(51,053)	75,757	32,392
Minority interests	3,119	(534)	764	(2,037)	(1,565)
Net (loss)/profit attributable to shareholders	(98,331)	85,564	(50,289)	73,720	30,827

Assets and liabilities:

	As at 31 March				
	2001 US\$'000	2000 US\$'000	1999 US\$'000	1998 US\$'000	1997 US\$'000
Fixed assets	971	790	1,449	2,584	1,249
Intangible assets	628	–	–	–	–
Interests in associated companies and jointly controlled entities	64,332	92,606	47,515	24,403	1,725
Other non-current financial assets	10,276	16,237	5,054	1,986	685
Current assets	21,780	71,359	71,025	212,753	182,793
Total assets	97,987	180,992	125,043	241,726	186,452
Current liabilities	9,826	62,491	17,611	91,241	116,880
Non-current liabilities	2,500	143	407	133	152
Total liabilities	12,326	62,634	18,018	91,374	117,032
Net assets	85,661	118,358	107,025	150,352	69,420

Report of the Directors (continued)

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 28 to the Financial Statements.

Donations

No donation was made by the Group during the year ended 31 March 2001 (2000: US\$225,000).

Subsidiaries, Associated Companies and Jointly Controlled Entity

Particulars of the Company's subsidiaries, associated companies and jointly controlled entity are set out in notes 16 and 17 respectively to the Financial Statements.

Fixed Assets

Details of movements in the fixed assets of the Group during the year ended 31 March 2001 are set out in note 14 to the Financial Statements.

Share Capital and Share Options

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 comprising 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.

During the year ended 31 March 2001, there were the following changes in the share capital of the Company:—

- a. an aggregate of 41,223,965 ordinary shares were issued and allotted for a total consideration of HK\$51,881,159.30 (or approximately US\$6,663,000) upon exercise of options in respect of 41,223,965 shares under the employee share option scheme of the Company;
- b. 134,620,213 ordinary shares and 86,728,147 non-voting convertible deferred shares were issued and allotted on 17 May 2000 to Indigo Securities Limited as consideration for the acquisition by the Company of 41,500 shares in, being the entire issued share capital of, 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 2,513,000 ordinary shares were repurchased by the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in May 2000 at the aggregate consideration amounting to HK\$3,738,475.60 (or approximately US\$480,000); and
- d. 5,000 ordinary shares were issued and allotted on 31 July 2000 for a consideration of HK\$14,000 (or approximately US\$1,800) upon exercise of the subscription rights in respect of 5,000 shares attached to the registered warrants of the Company, which are 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.

Details of the Company's share capital and share options during the year are set out in note 27 to the Financial Statements.

Report of the Directors (continued)

Purchase, Sale or Redemption of Securities

In May 2000, the Company repurchased 2,513,000 shares on the Stock Exchange at highest and lowest prices of HK\$1.55 and HK\$1.30 per share respectively. The aggregate consideration paid for such repurchases amounted to HK\$3,738,475.60 (or approximately US\$480,000). 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 28 to the Financial Statements).

The Directors took this action in time of market weakness to enhance earnings per share.

Directors

The directors of the Company who held office during the year ended 31 March 2001 were:–

James Mellon (Chairman)	(resigned as Chairman on 8 December 2000 and resumed as Chairman on 22 April 2001)
Peter Devas Everington	
David McMahon*	
Jayne Allison Sutcliffe*	
Alexander Anderson Whamond*	
David Francis Joseph Paterson*#	(appointed as Director on 8 May 2000 and as Chairman on 8 December 2000)
Chan Hung Kwan, Daniel	(appointed on 1 March 2001)
Errol Stanley Williams*#	(appointed on 1 March 2001)
Julian Peter Mayo (alternate to James Mellon)	(appointed as alternate to James Mellon on 12 March 2001)
Tsui Yiu Wa, Alec	(appointed on 1 August 2000 and resigned on 1 March 2001)
Robin Miles Francis Willi*#	(appointed on 23 November 2000 and resigned on 1 March 2001)
Chang-Kon Koh	(resigned on 22 November 2000)
Robert John Richard Owen*#	(resigned on 24 November 2000)
Chang-Mo Bae*#	(resigned on 30 November 2000)

* non-executive Directors

independent Directors

David Paterson resigned as an independent non-executive Director and Chairman of the Board of Directors of the Company with effect from 22 April 2001, and Anthony Robert Baillieu was appointed as an independent non-executive Director of the Company with effect from 22 April 2001.

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 but shall then be eligible for election. Any director who so retires shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. Accordingly, Daniel Chan, Errol Williams and Anthony Baillieu will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Report of the Directors (continued)

Directors (continued)

In accordance with Article 87 of the Company's Articles of Association, David McMahon will retire by rotation and, being eligible, offer himself for re-election at the forthcoming annual general meeting.

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

James Mellon, aged 44, British, has been an executive Director of the Company since July 1991 and the Chairman of the iRegent Group since 1994, except for the period from December 2000 to April 2001. He holds a Master's degree in Politics, Philosophy and Economics from Oxford University and, since graduating in 1978, his whole career has been spent in asset management. Mr Mellon worked for GT Management Plc from 1978 to 1984. In July 1984, he joined the Thornton Group where he was Managing Director of the Asian operation. From 1988 to 1990, he was an executive director of Tyndall Holdings Plc responsible for business expansion and corporate development. In 1990, Mr Mellon co-founded and became Chief Executive of iRegent Group Limited (formerly Regent Pacific Group Limited and iRegent.com Limited). In 1994, he became Chairman of the iRegent Group. Mr Mellon has over 20 years investment experience in Asia. He specialises in the development and restructuring of international investment vehicles, and travels extensively across the region on company visits and fact-finding missions. He is also director of a number of subsidiaries of the iRegent Group and funds managed by the Group, including closed-ended and Dublin-listed funds. Since the completion of a restructuring scheme of the iRegent Group and the Group's divestment in Charlemagne Capital Limited (formerly Regent Europe Limited) in June 2000 (the "Restructuring Scheme"), Mr Mellon has been non-executive Chairman of Charlemagne Capital Limited.

Anthony Robert Baillieu, aged 45, Australian and British, was appointed an independent non-executive Director of the Company in April 2001. He had a long career in insurance, stockbroking and asset management, with experience in the United Kingdom, Europe, Australia, the Middle East and Hong Kong. Having trained at Sedgwick Forbes in London, Mr Baillieu moved to Australia to form Fenchurch Insurance Brokers, which was eventually bought by Marsh & McLennon. He then joined Roach Tilley Grice, stockbrokers in Melbourne, becoming a partner responsible for establishing their offices in London, Singapore and Bahrain. Mr Baillieu was a founding director of Lowell Asset Management, a private Australian asset management and investment banking group. He also holds directorships and consultancies that span the fields of insurance and asset management. In 1992, Mr Baillieu established Anthony Baillieu and Associates (Hong Kong) Limited, an executive search firm specialising in financial services. He is a shareholder of Techpursuit.com Holdings Limited. Mr Baillieu is also director of a number of funds managed by the iRegent Group.

Chan Hung Kwan, Daniel, aged 38, Chinese, joined the iRegent Group in 1992 and was appointed the Finance Director of the Company in March 2001. Mr Chan is an Associate Member of the Australian Society of Accountants and has over 15 years' accounting experience including auditing and management accounting. He is also director of KoreaOnline Limited and its subsidiaries and a number of subsidiaries of the iRegent Group.

Report of the Directors (continued)

Directors (continued)

Peter Devas Everington, aged 43, British, has been the Group Investment and Marketing Director since December 1992. He has spent the last 21 years in asset management. Mr Everington commenced his career in fund management with GT Management Plc in 1980 managing UK equities. In 1982, he moved to GT's San Francisco-based subsidiary, where he joined James Mellon. In 1984, Mr Everington moved to Hong Kong to join Thornton Management (Asia) Limited, again to work with James 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 the iRegent Group as Managing Director of Regent Fund Management Limited. He has a Bachelor of Arts degree in Engineering from Cambridge University. Mr Everington is also a director and Chief Executive Officer of KoreaOnline Limited and its subsidiaries and a director of a number of subsidiaries of the iRegent Group and funds managed by the Group, including closed-ended and Dublin-listed funds.

Julian Peter Mayo, aged 40, British, was appointed as the alternate to James Mellon in March 2001. He graduated from Bristol University with a Bachelor of Science in Economics and was a trainee portfolio manager with Schroders Asia in 1983 before joining Thornton Management (Asia) in 1985. After four years in Hong Kong, he moved to Japan where he ran Thornton's Tokyo operation. He moved to London over three years later to head European marketing division of Thornton Investment Management, where he was appointed a director in 1993. Mr Mayo joined the iRegent Group in May 1996 as a director of Regent Pacific Corporate Finance Limited. He was responsible for opening iRegent's Tokyo office in 1997. In 1999 Mr Mayo returned to Hong Kong as Managing Director of the iRegent Group's Hong Kong operation, responsible for iRegent's investment management business. He is also director of a number of subsidiaries of the iRegent Group.

David McMahan, aged 47, British, was appointed the Group Finance Director and the Managing Director of the iRegent Group's Isle of Man office in January 1999. Upon completion of the Restructuring Scheme, Mr McMahan became a non-executive Director of iRegent Group Limited. Since then, he has been the Finance Director of Charlemagne Capital Limited. Mr McMahan is a fellow of the Institute of Chartered Accountants in England and Wales. After qualifying as a Chartered Accountant in 1977, he joined a Manchester based mutual insurance Company, eventually becoming treasurer and finance director before becoming general manager of Templeton Life Assurance Limited in 1990. He also became Chief Financial Officer of Templeton's European businesses. He joined the iRegent Group in February 1998.

Jayne Allison Sutcliffe, aged 37, British, was appointed the Group Corporate Finance Director in August 1991. Upon completion of the Restructuring Scheme, Mrs Sutcliffe became a non-executive Director of iRegent Group Limited. Since then, she has been the Chief Executive of Charlemagne Capital Limited. Mrs Sutcliffe has spent most of her professional career in the fund management industry specialising in sales and marketing initially at Thornton Management and then at Tyndall Holdings Plc. Mrs Sutcliffe co-founded the iRegent Group in 1990 where she established, and was responsible for, iRegent's corporate finance activities. She has a Master's degree in Theology from Oxford University.

Alexander Anderson Whamond, aged 41, British, was appointed an executive Director in January 1999. In June 2000, he relinquished his executive role and duties in the Group but has remained a non-executive Director of the Company since then. Mr Whamond 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 iRegent Group in March 1998 as the head of the Group's head of Corporate Investments, Mr Whamond was a Managing Director of Peregrine Securities International Limited and a member of the executive committee of Peregrine Investment Holdings Limited. He is also director of certain funds managed by the iRegent Group.

Report of the Directors (continued)

Directors (continued)

Errol Stanley Williams, aged 47, New Zealander, was appointed an independent non-executive Director of the Company in March 2001. He has served on numerous boards of various computer companies in Asia, Australia, New Zealand and the United States of America. He formerly was the Chairman and major shareholder of Sharp Corporation N Z Limited, Trilogy Corporation Ltd, a worldwide computer services company, and also served as a director and major shareholder of the National Business Review, the major financial publication in New Zealand. Mr Williams studied for a Bachelor of Commerce degree from the University of Canterbury, New Zealand.

Directors' Interests in Securities and Options

As at 31 March 2001, the beneficial interests of the Directors in the securities of the Company or of any of its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")) or in any rights to subscribe for the equity securities of the Company or of any of its associated corporations, which have to be notified to the Company and the 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

Name of Director	Note	Personal interests	Number of shares and nature of interests			Total interests
			Family interests	Corporate Interests	Other interests	
James Mellon	A,B&C	36,588,500	–	–	219,467,083	256,055,583
Anthony Baillieu <i>(appointed on 22 April 2001)</i>	D	–	–	–	–	–
Daniel Chan	E	1,800,000	2,150,000	–	–	3,950,000
Peter Everington	F&G	–	24,450,000	–	24,841,210	49,291,210
Julian Mayo <i>(alternate to James Mellon)</i>		229,686	–	–	–	229,686
David McMahan	H	–	–	–	5,000,000	5,000,000
David Paterson	I	–	–	–	1,000,000	1,000,000
Jayne Sutcliffe	J	14,727,260	–	–	24,000,000	38,727,260
Anderson Whamond		5,000,000	–	–	–	5,000,000
Errol Williams		–	–	–	–	–

Report of the Directors (continued)

Directors' Interests in Securities and Options (continued)

b. Warrants 2003 (note K)

Name of Director	Note	Personal interests	Number of warrants and nature of interests			Total interests
			Family interests	Corporate Interests	Other interests	
James Mellon	A&B	6,817,700	–	–	61,239,046	68,056,746
Anthony Baillieu <i>(appointed on 22 April 2001)</i>	D	–	–	–	–	–
Daniel Chan	E	360,000	430,000	–	–	790,000
Peter Everington	F&G	–	4,890,000	–	4,968,242	9,858,242
Julian Mayo <i>(alternate to James Mellon)</i>		1,047,909	–	–	–	1,047,909
David McMahon		1,000,000	–	–	–	1,000,000
David Paterson	I	–	–	–	200,000	200,000
Jayne Sutcliffe	J	2,945,452	–	–	4,800,000	7,745,452
Anderson Whamond		1,000,000	–	–	–	1,000,000
Errol Williams		–	–	–	–	–

2. Securities of associated corporations (note L)

Name of Director	Note	Number of shares in the respective associated corporations			
		AstroEast.com Limited	bigsave Holdings plc	KoreaOnline Limited	Techpursuit.com Holdings Limited
James Mellon		–	–	–	–
Anthony Baillieu <i>(appointed on 22 April 2001)</i>	D	–	–	–	–
Daniel Chan		–	50	–	–
Peter Everington	F	300,000	–	73,970	–
Julian Mayo <i>(alternate to James Mellon)</i>		75,000	200,050	–	–
David McMahon		–	174,000	–	–
David Paterson	I	150,000	100,000	–	–
Jayne Sutcliffe	J	150,000	350,000	–	–
Anderson Whamond		150,000	350,000	–	–
Errol Williams		–	–	–	–

Report of the Directors (continued)

Directors' Interests in Securities and Options (continued)

3. Options of the Company

As at 31 March 2001, the following Directors of the Company had personal interests in options granted under the employee share option scheme of the Company (the "iRegent Share Option Scheme"), entitling them to subscribe for shares of US\$0.01 each in the capital of the Company in accordance with, and subject to, the terms of the scheme:-

Name of Director	Note	Date of grant	Number of shares subject to the option	Subscription price per share	Exercisable period	Consideration for grant of option
Daniel Chan	M	12 October 2000	300,000	HK\$1.060	12 October 2001 – 11 October 2005	HK\$10.00
Julian Mayo	N	12 April 1996	2,636,984	HK\$1.000	12 April 1999 – 12 April 2001	HK\$10.00
David Paterson	I	23 May 2000	1,000,000	HK\$1.600	23 May 2003 – 22 May 2005	HK\$10.00
	I	13 December 2000	1,320,000	HK\$0.600	13 December 2001 – 12 December 2005	HK\$10.00

During the year, certain Directors of the Company exercised their entire rights under the respective options granted to them pursuant to the iRegent Share Option Scheme and subscribed for shares in the Company. Details of such subscriptions are set out below:-

Name of Director	Date of grant	Consideration for grant of option	Date of exercise	Number of shares subscribed	Subscription price per share	Date of allotment
Chang-Mo Bae <i>(resigned on 30 November 2000)</i>	7 December 1999	HK\$10.00	21 April 2000	500,000	HK\$1.400	28 April 2000
Chang-Kon Koh <i>(resigned on 22 November 2000)</i>	30 September 1999	HK\$10.00	18 April 2000	2,500,000 2,500,000	HK\$1.180 HK\$1.400	19 April 2000 19 April 2000
David McMahan	5 October 1999	HK\$10.00	10 April 2000	2,000,000 3,000,000	HK\$1.180 HK\$1.400	18 April 2000 18 April 2000
Robert Owen <i>(resigned on 24 November 2000)</i>	28 September 1999	HK\$10.00	31 March 2000	1,500,000	HK\$1.180	26 April 2000
Anderson Whamond	5 October 1999	HK\$10.00	8 April 2000	3,000,000 2,000,000	HK\$1.180 HK\$1.400	25 April 2000 25 April 2000

Report of the Directors (continued)

Directors' Interests in Securities and Options (continued)

4. Options of KoreaOnline Limited

As at 31 March 2001, the following Directors of the Company had personal interests in options granted under the employee share option scheme of KoreaOnline Limited (the "KoreaOnline Share Option Scheme"), entitling them to subscribe for shares of US\$0.10 each in the capital of KoreaOnline Limited in accordance with, and subject to, the terms of the scheme:–

Name of Director	Note	Date of grant	Number of shares subject to the option	Subscription price per share	Exercisable period	Consideration for grant of option
Peter Everington		19 May 2000	487,500	US\$13.000	19 May 2001 – 18 May 2005	HK\$10.00
		6 October 2000	512,500	US\$11.500	6 October 2001 – 5 October 2005	HK\$10.00
Julian Mayo		18 May 2000	156,000	US\$13.000	18 May 2001 – 17 May 2005	HK\$10.00
David Paterson	I	13 December 2000	100,000	US\$10.000	13 December 2001 – 12 December 2005	HK\$10.00

Notes

- A 84,846,870 shares in the Company and 16,969,374 units of Warrants 2003 under "other interests" are held by the trustee of a settlement, under which James Mellon has a life interest.
- B 134,620,213 shares in the Company and 44,269,672 units of Warrants 2003 under "other interests" are held by Indigo Securities Limited, which is indirectly wholly-owned by the trustee referred to in note A above. Indigo Securities Limited also holds 86,728,147 non-voting convertible deferred shares in the Company.
- C In April 2001, James Mellon further acquired 500,000 shares in the Company.
- D Anthony Baillieu was appointed a Director of the Company on 22 April 2001. Upon his appointment, Mr Baillieu disclosed his interests in 200,000 shares in the Company and 40,000 units of Warrants 2003, through Aldeburgh Pty Ltd. Aldeburgh Pty Ltd is a nominee company owned by the family of Anthony Baillieu, through which shares and cash are held to individual family members' accounts. The 200,000 shares in the Company and 40,000 units of Warrants 2003 are held in Anthony Baillieu's individual account.
- Mr Baillieu also disclosed his interests in 95,560 shares in AstroEast.com Limited, 100,000 shares in bigsave Holdings plc and 400,000 shares in Techpursuit.com Holdings Limited, through Anthony Baillieu & Associates Limited, which is in turn 80% beneficially owned by Anthony Baillieu.
- E The 2,150,000 shares in the Company and 430,000 units of Warrants 2003 under "family interests" are held by the wife of Daniel Chan.
- F The 24,450,000 shares in the Company and 4,890,000 units of Warrants 2003 under "family interests" are held by the wife of Peter Everington.

The 300,000 shares in AstroEast.com Limited are also held by Mrs Everington.

Report of the Directors (continued)

Directors' Interests in Securities and Options (continued)

- G The 24,841,210 shares in the Company and 4,968,242 units of Warrants 2003 under "other interests" are held by the trustee of a discretionary trust, the beneficiaries of which are the wife and children of Peter Everington.
- H The 5,000,000 shares in the Company under "other interests" are held by a pension fund, of which David McMahon is the sole beneficiary.
- I The 1,000,000 shares in the Company and 200,000 units of Warrants 2003 under "other interests" are held by a trust, of which David Paterson is the sole beneficiary.

The 150,000 shares in AstroEast.com Limited and the 100,000 shares in bigsave Holdings plc are held by the trust referred to above in this note, which also holds 100,000 units of Series "C" warrants of bigsave Holdings plc.

David Paterson resigned as a Director of the Company on 22 April 2001, and all his outstanding options under the iRegent Share Option Scheme and the KoreaOnline Share Option Scheme lapsed upon his resignation. Since then, Mr Paterson ceased to have disclosure obligations under the SDI Ordinance in respect of his interests in the Company.

- J The 24,000,000 shares in the Company and 4,800,000 units of Warrants 2003 under "other interests" are held by the trustee of a discretionary trust, under which Jayne Sutcliffe and members of her family may become beneficiaries.

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

- K 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.

- L Upon completion on 16 May 2000 of the acquisition by the Company of 41,500 shares in, being the entire issued share capital of, Interman Holdings Limited pursuant to 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), AstroEast.com Limited and bigsave Holdings plc (formerly BigSave.com Limited) became associated corporations of the Company under the SDI Ordinance. In March 2001, AstroEast.com Limited became an indirect 51% owned subsidiary of the Company.

Upon completion of the placing of 9,000,000 new shares of US\$0.10 each in KoreaOnline Limited, which was originally a direct 60% owned subsidiary of the Company, KoreaOnline Limited became an associated company of the Company in March 2000.

Report of the Directors (continued)

Directors' Interests in Securities and Options (continued)

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 Charlemagne Capital Limited (then known as Regent Europe 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, Charlemagne Capital Limited became an associated company of the Company. On 30 March 2001, the Company ceased to have any interests in Charlemagne Capital Limited upon completion of a share repurchase agreement of the same date entered into between Charlemagne Capital Limited and the Company.

Techpursuit.com Holdings Limited is a joint venture established in the Cayman Islands with limited liabilities, of which the Company has an indirect 20% interest. Anthony Baillieu holds a 40% interest in Techpursuit.com Holdings Limited, through Anthony Baillieu & Associates Limited which is in turn 80% beneficially owned by Anthony Baillieu.

- M On 7 April 2001, Daniel Chan was further granted an option under the iRegent Share Option Scheme, which entitles him to subscribe for 2,500,000 shares in the Company at a subscription price of US\$0.160 per share during the exercisable period from 7 April 2002 to 6 April 2006. A consideration of HK\$10 was paid for the grant of such option.
- N The outstanding option held by Julian Mayo, being the remaining balance of the option granted to him on 12 April 1996 under the iRegent Share Option Scheme, in respect of 2,636,984 shares in the Company at the subscription price of HK\$1.000 per share exercisable during the period from 12 April 1999 to 12 April 2001 lapsed on 12 April 2001 without being exercised.

On 10 April 2001, Julian Mayo was granted an option under the iRegent Share Option Scheme, which entitles him to subscribe for 750,000 shares in the Company at a subscription price of US\$0.160 per share during the exercisable period from 10 April 2002 to 9 April 2006. A consideration of HK\$10 was paid for the grant of such option.

On 27 April 2001, Julian Mayo was further granted an option under the iRegent Share Option Scheme, which entitles him to subscribe for 500,000 shares in the Company at a subscription price of US\$0.160 per share during the exercisable period from 27 April 2002 to 26 April 2006. A consideration of HK\$10 was paid for the grant of such option.

Save as disclosed herein, as at 31 March 2001 none of the Directors (and their associates) had any interest in the equity securities of the Company or of any of its associated corporations (within the meaning of the SDI Ordinance) or in any rights to subscribe for the equity securities of the Company or of any of its associated corporations, which have to be notified to the Company and the 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.

Report of the Directors (continued)

Director's 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:-

James Mellon
Peter Everington

The initial term of the service contracts relating to these Directors expired on 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.

Directors' Interests in Contracts

Save for those disclosed in note 33 to the Financial Statements, no contracts of significance, to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, subsisted at 31 March 2001 or at any time during the year.

Directors' Interests in Competing Businesses

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

Management Contracts

No contracts, other than contracts of service with any Director of the Company or any person engaged in the full-time employment of the Company, with the Company subsisted as at 31 March 2001 or any time during the year, whereby any individual, firm or body corporate undertook the management and administration of the whole or any substantial part of any business of the Company.

Substantial Shareholders

As at 31 March 2001, James Mellon, the Chairman of the Board of Directors of the Company, had interests in more than 10% of the total issued voting share capital of the Company as recorded in the Register of Substantial Shareholders' Interests kept by the Company pursuant to Section 16(1) of the SDI Ordinance. Details of James Mellon's interests are set out under the section headed "Directors' Interests in Securities and Options".

Save for such interests, the Directors are not aware of any person being interested in at least 10% of the total issued voting share capital of the Company as at 31 March 2001 as recorded in the register required to be kept under Section 16(1) of the SDI Ordinance.

Report of the Directors (continued)

Borrowings

Details of bank borrowings of the Company and the Group are set out in note 25 to the Financial Statements.

Pre-emptive Rights

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

Retirement Scheme

Details of the retirement scheme of the Group are set out in note 29 to the Financial Statements.

Major Customers and Suppliers

Particulars of the Group's major customers and suppliers are given in note 32 to the Financial Statements.

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 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

James Mellon

Chairman

Hong Kong, 31 August 2001