Notes to the Consolidated Financial Statements

1. The Company

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

The nature of the Company's operations is as follows:

Asset management
Corporate finance
Corporate investment
Internet retailing

2. Summary of Significant Accounting Policies

a. Basis of accounting

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice ("**SSAP**") 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.

b. Reporting currency

The reporting currency of the Group is United States dollars.

c. 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 inter-company transactions and balances within the Group are eliminated on consolidation.

d. Subsidiaries

A subsidiary is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operational policies, so as to obtain benefits from their activities.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses.

Notes to the Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

e. Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves respectively. The Group's investments in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any provisions for permanent diminution in value deemed necessary by the Directors.

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The interests in associates are stated in the Company's balance sheet at cost less impairment losses.

f. Investment in funds managed by subsidiaries

Certain group companies from time to time purchase shares in funds managed by the subsidiaries of the Company. 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 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, which is the quoted net asset value.

g. Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life. The estimated useful lives used for this purpose are as follows:

Furniture and fixtures	5 years
Computer equipment	3 years
Other equipment	4 years

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

h. Intangible assets

Intangible assets comprise intellectual property and a database of customer details used in the internet/catalogue retailing business. The intellectual property and database are amortised over two years. They are stated at cost less accumulated amortisation and impairment losses.

Notes to the Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

i. Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- plant and equipment;
- investments in subsidiaries and associates (except for those accounted for at fair value under note 2(f) above);
- intangible assets; and
- positive goodwill (whether taken initially to reserves or recognised as an asset).

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

j. Investments

(i) 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 income statement.

(ii) Other investments are stated in the balance sheet at fair value. Changes in fair value are recognised within turnover in the income statement as they arise. Fair value for quoted investments is quoted mid price at the balance sheet date. Fair value for unquoted investments is directors' valuation.

(iii) Profits or losses on disposal of investments in securities are accounted for within turnover in the income statement as they arise.

k. Stocks

Stocks consist of finished goods in the internet/catalogue retailing business and are valued at the lower of cost and net realisable value.

Notes to the Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

l. Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or entities.

m. Goodwill/Negative goodwill

In prior years, goodwill or negative goodwill arising on consolidation, representing the difference between purchase consideration paid for subsidiaries, associates or businesses over the fair values ascribed to the net underlying assets acquired, has been charged or credited against reserves in the year of acquisition. On disposal of such subsidiaries and associates, the relevant portion of attributable goodwill reserve was included in calculating the profit or loss on disposal. If the investment in such subsidiaries and associates was considered by the Directors to be impaired, the relevant portion of goodwill reserve was accounted for in the income statement.

With effect from 1 April 2001, with the introduction of SSAP 30 "Business Combination", the Group adopted an accounting policy to recognise goodwill as an asset and it is amortised on a straight-line basis over its estimated useful life. Negative goodwill which relates to an expectation of future losses and expenses that is identified in the plan of acquisition and can be measured reliably, but which has not yet been recognised, is recognised in the income statement when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognsied in the income statement over the weighted average useful life of those non-monetary assets that are depreciable or amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the income statement. On disposal of a subsidiary or an associate, any attributable amount of purchased goodwill not previously amortised through the income statement is included in the calculation of the profit or loss on disposal.

As at 31 March 2001, the Directors considered the values of certain investments had been impaired consequent on significant losses and restructuring and therefore all goodwill reserves in the balance sheet were charged to the income statement during the year ended on that date. No prior year adjustment was therefore needed following the adoption of the new policy.

n. 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 income statement on a straight-line basis over the lease terms.

o. 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.

Notes to the Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

p. Derivatives

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

q. 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 income statement.

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

On consolidation, the financial statements of consolidated subsidiaries and associates 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 foreign currency exchange reserve.

r. Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(i) revenue from internet sales is recognised when the products are despatched to customers. Provision is made for sales returns based on historical experience and management expectation;

(ii) consultancy revenue is accounted for on an accrual basis;

(iii) 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;

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

(v) interest is recognised on a time apportioned basis; and

(vi) 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.

Notes to the Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

s. Research and development costs

Research and development costs comprise all costs that are directly attributable to research and development activities or can be allocated on a reasonable basis to such activities. Due to the nature of the Group's research and development activities, no development costs satisfy the criteria for recognition as an asset. Research and development costs are therefore recognised as an expense in the period in which they are incurred.

t. Retirement costs

Contributions to the Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are charged to the income statement when incurred.

u. Borrowing costs

Borrowing costs are expensed in the income statement in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditures for the assets are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

v. Proposed dividend

In prior years, dividends proposed after the balance sheet date were accrued as liabilities at the balance sheet date. With effect from 1 April 2001, dividends proposed after the balance sheet date are shown as a separate component of shareholders' funds in accordance with the revised SSAP 9 "Events After the Balance Sheet Date". The new accounting policy has been adopted retrospectively. Since no final dividend was proposed for the year ended 31 March 2001, there is no impact on the Group's financial statements.

w. Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Inter-segment pricing is based on similar terms as those available to other external parties.

In note 3 below, segment revenue and results under SSAP 26 "Segment Reporting" have been disclosed.

Notes to the Consolidated Financial Statements (continued)

3. Segmented Information

Segmented information is presented in respect of the Group's business and geographical segments. Business segmented information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

Business segments

The Group comprises four business segments as follows:

Asset management	:	management of assets entrusted by the unitholders of various mutual funds, including private equity and Dublin-listed funds
Corporate finance	:	provision of investment advisory services to associates and third parties
Corporate investment	:	investment in corporate entities, both listed and unlisted
Internet retailing	:	sale of customer goods on the Internet

In prior years, the Group was also involved in property management. That operation was discontinued from 31 March 2001 (see note 4 below).

For the year ended 31 March 2002

	Asset management US$'000	Corporate finance US$'000	Corporate investment US$'000	Internet retailing US$'000	Property management US$'000	Inter-segment elimination US$'000	Unallocated US$'000	Consolidated US$'000
Revenue from external customers	2,855	510	(4,847)	4,290	–	–	–	2,808
Inter-segment revenue	245	–	1	–	–	(246)	–	–
	3,100	510	(4,846)	4,290	–	(246)	–	2,808
Segment results	(608)	(508)	(6,137)	(3,625)	–	(1,167)	–	(12,045)
Unallocated operating expenses	–	–	–	–	–	–	(1,499)	(1,499)
Loss from operations								(13,544)
Share of profits less losses of associates	–	–	–	–	–	–	16,143	16,143
Loss on deemed disposal of subsidiary								(8)
Finance costs								(145)
Taxation								(923)
Minority interests								2,030
Profit attributable to shareholders								3,553

Notes to the Consolidated Financial Statements (continued)

3. Segmented Information (continued)

	Asset management US$'000	Corporate finance US$'000	Corporate investment US$'000	Internet retailing US$'000	Property management US$'000	Others US$'000	Consolidated US$'000
Segment assets	2,611	311	6,902	1,482	–	5,087	16,393
Interests in associates	–	–	–	–	–	78,960	78,960
Total assets	2,611	311	6,902	1,482	–	84,047	95,353
Segment liabilities	351	22	54	1,464	–	3,908	5,799
Unallocated liabilities	–	–	–	–	–	2,500	2,500
Total liabilities	351	22	54	1,464	–	6,408	8,299

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

For the year ended 31 March 2001

	Asset management US$'000	Corporate finance US$'000	Corporate investment US$'000	Internet retailing US$'000	Property management US$'000	Inter-segment elimination US$'000	Unallocated US$'000	Consolidated US$'000
Revenue from external customers	7,168	273	(11,301)	2,653	463	–	–	(744)
Inter-segment revenue	478	–	–	–	–	(478)	–	–
	7,646	273	(11,301)	2,653	463	(478)	–	(744)
Segment results	4,467	(734)	(12,509)	(8,268)	215	(478)	–	(17,307)
Unallocated operating expenses	–	–	–	–	–	–	(5,312)	(5,312)
Loss from operations								(22,619)
Share of losses less profits of associates	–	–	–	–	–	–	(53,440)	(53,440)
Profit on deemed disposal of subsidiary								1,926
Profits on sale of interests in associates								18,845
Exceptional gain on discontinuance of activity in associate								29,186
Impairment of goodwill on discontinuance of activity in associate								(49,026)
Other impairment of goodwill								(23,124)
Finance costs								(358)
Taxation								(2,840)
Minority interests								3,119
Loss attributable to shareholders								(98,331)

Notes to the Consolidated Financial Statements (continued)

3. Segmented Information (continued)

	Asset management US$'000	Corporate finance US$'000	Corporate investment US$'000	Internet retailing US$'000	Property management US$'000	Others US$'000	Consolidated US$'000
Segment assets	14,521	121	15,331	1,606	–	2,076	33,655
Interests in associates	–	–	–	–	–	64,332	64,332
Total assets	14,521	121	15,331	1,606	–	66,408	97,987
Segment liabilities	7,876	26	321	1,094	–	509	9,826
Unallocated liabilities	–	–	–	–	–	2,500	2,500
Total liabilities	7,876	26	321	1,094	–	3,009	12,326

	Asset management US$'000	Corporate finance US$'000	Corporate investment US$'000	Internet retailing US$'000	Property management US$'000	Consolidated US$'000
Depreciation and amortisation for the year	187	–	84	868	–	1,139
Capital expenditure incurred during the year	294	3	3	219	–	519

Geographical segments

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

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

For the year ended 31 March 2002

	North America US$'000	Asia Pacific US$'000	Australasia US$'000	Eastern Europe US$'000	Russia US$'000	Western Europe US$'000	Others US$'000	Total US$'000
Revenue from external customers	(485)	147	104	17	29	3,331	(335)	2,808
Segment assets	–	12,777	–	–	–	3,616	–	16,393
Capital expenditure incurred during the year	–	73	–	–	–	103	–	176

Notes to the Consolidated Financial Statements (continued)

3. Segmented Information (continued)

For the year ended 31 March 2001

	North America US$'000	Asia Pacific US$'000	Australasia US$'000	Eastern Europe US$'000	Russia US$'000	Western Europe US$'000	Others US$'000	Total US$'000
Revenue from external customers	146	(455)	497	285	(1,118)	(202)	103	(744)
Segment assets	–	14,027	–	–	–	19,628	–	33,655
Capital expenditure incurred during the year	–	323	–	–	–	196	–	519

4. Operating Profit/(Loss) on Core Activities

	2002 US$'000	2001 US$'000
After charging:		
Amortisation of intangible assets	628	*640*
Auditors' remuneration	205	*230*
Bad debts written off	1	*377*
Depreciation	398	*499*
Loss on disposal of fixed assets	125	*68*
Net loss on disposal of current investments	430	*12,493*
Operating lease rental on property	964	*706*
Provision for diminution in value of other investments	2,772	*10,045*
Provision for diminution in value of other non-current assets	–	*657*
After crediting:		
Foreign exchange gain	6	*448*
Net profit on disposal of other non-current financial assets	45	*1,886*
Interest income	206	*545*
Investment income from listed investments	6	*46*
Unrealised profit on current investments	239	*7,615*

The total cost of services rendered for the year was US$4,232,000 (2001: US$5,154,000).

Notes to the Consolidated Financial Statements (continued)

4. Operating Profit/(Loss) on Core Activities (continued)

There is no breakdown of the results for the current year, as there were no material acquisitions or disposals of subsidiaries. The effect on the consolidated results for the year ended 31 March 2001 of acquisitions and disposals of subsidiaries was as follows:

	Continuing operations		Discontinued operations	
	Previously existing US$'000	Acquisitions US$'000	Disposal or distribution US$'000	Total US$'000
Turnover:				
Asset management	5,713	–	1,455	7,168
Corporate finance	41	–	232	273
Property management	–	–	463	463
Corporate investment	(5,365)	(3,594)	(2,342)	(11,301)
Internet retailing	–	2,653	–	2,653
	389	(941)	(192)	(744)
Expenses:				
Personnel costs	(3,678)	(2,255)	(898)	(6,831)
Marketing costs	(200)	(2,911)	(12)	(3,123)
Cost of internet goods sold	–	(2,780)	–	(2,780)
Other costs	(3,751)	(3,863)	(1,527)	(9,141)
	(7,240)	(12,750)	(2,629)	(22,619)
Exceptional items:				
Profit on deemed disposal of subsidiary (note 5)	–	–	1,926	1,926
Profits on sale of interests in associates (note 6)	–	–	18,845	18,845
Exceptional gain on discontinuance of activity in associate (note 7)	–	–	29,186	29,186
Impairment of goodwill on discontinuance of activity in associate (note 8)	–	–	(49,026)	(49,026)
Other impairment of goodwill (note 8)	15,088	(38,212)	–	(23,124)
	7,848	(50,962)	(1,698)	(44,812)
Share of losses of associates	(18,846)	(602)	(33,992)	(53,440)
	(10,998)	(51,564)	(35,690)	(98,252)

Notes to the Consolidated Financial Statements (continued)

5. (Loss)/Profit on Deemed Disposal of Subsidiary

The (loss)/profit on deemed disposal of subsidiary relates to the dilution of the Group's interest in bigsave Holdings plc (formerly known as BigSave.com Limited) due to the issue of further shares by bigsave Holdings plc to its minority shareholders.

6. Profits on Sale of Interests in Associates

The net consolidated profits on sale of interests in associates for the year ended 31 March 2001 related to:

a. On 20 March 2001, KoreaOnline Limited ("**KOL**") exercised a call option pursuant to an option agreement dated 7 November 2000 to acquire 8,000,000 "A" shares in SWKOL (Labuan) Limited from The State of Wisconsin Investment Board ("**SWIB**"). In consideration of SWIB transferring such 8,000,000 "A" shares in SWKOL (Labuan) Limited, 6,000,000 new shares in KOL were issued to SWIB on 28 April 2001, which diluted the Company's holding in KOL to 40.2%. The exercise of this option increased the Group's share of the net assets of KOL, resulting in a deemed gain on disposal of US$19,566,000 after deducting goodwill of US$5,173,000. This matter was accounted for within the year ended 31 March 2001 as the terms of the call option were such that the exercise was irrevocable notwithstanding that the administration was incomplete at the end of last year.

b. Certain directors of Charlemagne Capital Limited (then called Regent Europe Limited) entered into a share put option in relation to that company which was exercised in May 2000. As a result of the exercise, the Group incurred a loss of US$1,071,000.

c. On 30 March 2001, the Group sold its remaining 20.56% stake in Charlemagne Capital Limited for US$6,271,000, realising a profit of US$350,000 above the then carrying value of the shareholding.

7. Exceptional Gain on Discontinuance of Activity in Associate

The exceptional gain for the year ended 31 March 2001 related to the reduction of the deficit in shareholders' funds on the discontinuance of the business of Regent Insurance Co Ltd, a subsidiary of KoreaOnline Limited.

8. Impairment of Goodwill

Impairment of goodwill during the year ended 31 March 2001 was as follows:

a. Goodwill of US$38,632,000 previously eliminated against reserves relating to the investment in KoreaOnline Limited, an associate, had been accounted for within the income statement on the basis that the Directors considered its value had been impaired consequent on significant losses and the restructuring of that company. Of this amount, US$49,026,000 had been offset against the exceptional gain arising on discontinued activities within KOL and US$5,173,000 charged against deemed partial disposal of shareholding in KOL (note 6a above). The credit balance of US$15,567,000 had been written off separately.

Notes to the Consolidated Financial Statements (continued)

8. Impairment of Goodwill (continued)

b. Goodwill of US$36,488,000 arising as a result of the acquisition of Interman Holdings Limited and previously shown in the Group's interim figures as being eliminated against reserves had now been accounted for within the income statement on the basis that the Directors considered its value had been impaired consequent on restructuring within bigsave Holdings plc, the major asset of Interman Holdings Limited.

c. Net goodwill of US$2,203,000 arising as a result of a number of other acquisitions had been charged to the income statement directly. Of this amount US$479,000 had previously been shown in published figures as being eliminated against reserves.

	2002 US$'000	2001 US$'000
Goodwill taken to reserves:		
Balance at 1 April 2000	–	*25,893*
Net goodwill arising on acquisitions	–	*57,224*
Transfer from goodwill reserve on dividend distribution	–	*(5,794)*
Balance at 31 March 2001	–	*77,323*
Charged to income statement:		
On discontinuance of activities within KOL	–	*(49,026)*
Against deemed partial disposal of shareholding in KOL	–	*(5,173)*
Due to reorganisation of KOL	–	*15,567*
Due to impairment within Interman Holdings Limited	–	*(36,488)*
Other goodwill written off	–	*(2,203)*
Total included within reserves	–	–

9. Directors' and Highest Paid Individuals' Remuneration

Remuneration excludes amounts relating to share options (see note 27 below).

	2002 US$'000	2001 US$'000
Executive Directors:		
Fees	–	–
Basic salaries and other emoluments	885	*1,542*
Discretionary bonuses	2	–
Retirement scheme contributions	7	*2*
	894	*1,544*
Non-Executive Directors:		
Fees	54	*49*
	54	*49*

Notes to the Consolidated Financial Statements (continued)

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

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

		Number of Directors 2002	2001
HK$Nil – HK$1,000,000	(US$Nil – US$128,484)	9	*10*
HK$1,000,001 – HK$1,500,000	(US$128,485 – US$192,727)	4	–
HK$1,500,001 – HK$2,000,000	(US$192,728 – US$256,970)	1	–
HK$2,000,001 – HK$2,500,000	(US$256,971 – US$321,213)	1	*2*
HK$3,000,001 – HK$3,500,000	(US$385,456 – US$449,698)	–	*1*
HK$5,500,001 – HK$6,000,000	(US$706,668 – US$770,911)	–	*1*
		15	*14*

The remuneration of the Directors appointed during the year, in the period prior to their appointment and after their resignation (while they were acting as directors and officers of subsidiaries of the Company) amounted to US$324,000.

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

Highest paid individuals

All five (2001: four) were Directors of the Company and their remuneration has been included in the Directors' remuneration. Details of the remuneration of the remaining highest paid individual in 2001 are as follows:

		2002 US$'000	2001 US$'000
Basic salaries and other emoluments		–	*242*
Retirement scheme contributions		–	*2*
		–	*244*
The above remuneration of the employee fell within the following band:			
HK$1,500,001 – HK$2,000,000	(US$192,728 – US$256,970)	–	*1*

Notes to the Consolidated Financial Statements (continued)

10. Taxation

Income Statement:

	2002 US$'000	2001 US$'000
Group:		
Hong Kong profits tax for the year	–	–
Overseas taxation		
– Group subsidiaries	196	*1,291*
– Share of tax of associates	727	*1,549*
	923	*2,840*

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

Further to certain enquiries into the amount of tax paid by the Company and its subsidiaries in respect of its operations in some jurisdictions in previous years, the Group has set aside a general provision of US$2,500,000 against potential taxation liabilities. The Company and its subsidiaries are in the final stages of reaching a negotiated settlement with the United Kingdom taxation authorities. It is anticipated that this will be finalised shortly and that the general provision will be adequate to meet it. Accordingly, the provision previously made has been transferred to current liabilities.

Balance Sheet:

	2002 US$'000	2001 US$'000
Group:		
Overseas taxation – non-current	–	*2,500*
Overseas taxation – current	2,500	–

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

As indicated above, the Group has set aside certain general provisions in this and previous years against potential liabilities. Such provisions now stand at US$2,500,000 and are guaranteed by the Company.

Provision for taxation of associates is not shown in the consolidated balance sheet.

Notes to the Consolidated Financial Statements (continued)

11. Net Profit/(Loss) Attributable to Shareholders

The net loss attributable to shareholders dealt with in the financial statements of the Company amounted to US$2,677,000 (2001: US$80,024,000).

12. Dividend

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

13. Earnings/(Loss) Per Share

a. The calculation of basic earnings/(loss) per share is based on the net profit attributable to shareholders for the year of US$3,553,000 (2001: loss of US$98,331,000) and on the weighted average of 1,186,902,435 (2001: 1,156,543,357) shares of the Company in issue during the year.

b. The diluted earnings per share is based on the net profit attributable to shareholders for the year of US$3,553,000 and on the weighted average of 1,189,551,057 shares issued and issuable, calculated on the assumption that the Company's outstanding share options had been exercised.

14. Fixed Assets: Plant and Equipment

Group:

	Furniture and fixtures US$'000	Computer and other equipment US$'000	Total US$'000
Cost:			
At 1 April 2001	402	1,543	1,945
Additions	122	54	176
Disposals	(284)	(180)	(464)
Reclassification	100	(100)	–
Exchange adjustment	(4)	(30)	(34)
At 31 March 2002	336	1,287	1,623
Accumulated depreciation:			
At 1 April 2001	191	783	974
Provided during the year	62	336	398
Disposals	(133)	(154)	(287)
Reclassification	29	(29)	–
Exchange adjustment	–	(35)	(35)
At 31 March 2002	149	901	1,050
Net book value:			
At 31 March 2002	187	386	573
At 31 March 2001	*211*	*760*	*971*

There were no fixed assets in the Company.

Notes to the Consolidated Financial Statements (continued)

15. Intangible Assets

Group:

	Titles US$'000	Database US$'000	Total US$'000
Cost:			
At 1 April 2001 and at 31 March 2002	189	1,080	1,269
Accumulated amortisation:			
At 1 April 2001	101	540	641
Provided during the year	88	540	628
At 31 March 2002	189	1,080	1,269
Net book value:			
At 31 March 2002	–	–	–
At 31 March 2001	*88*	*540*	*628*

There were no intangible assets in the Company.

16. Interests in Subsidiaries

	Company	
	2002 US$'000	2001 US$'000
Unlisted shares, at cost less impairment loss	3,635	*4,579*

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

Notes to the Consolidated Financial Statements (continued)

16. Interests in Subsidiaries (continued)

Particulars of the principal subsidiaries at 31 March 2002 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Alphorn Management Limited	Barbados	Ordinary US$1	–	100%	Investment holding
AstroEast.com (Hong Kong) Limited (note (a) below)	Hong Kong	Ordinary HK$2	–	51%	Internet services
AstroEast.com Limited	Cayman Islands	Ordinary US$280,222.47	–	51%	Investment holding
bigsave.com Limited (note (b) below)	Isle of Man	Ordinary GBP2	–	64.3%	Internet retailing
bigsave Holdings plc (note (b) below)	Isle of Man	Ordinary US$397,375	–	64.3%	Investment holding
Capital Nominees Limited	British Virgin Islands	Ordinary US$1	–	100%	Corporate finance and structuring
Cycletek Investments Limited	British Virgin Islands	Ordinary US$300,000	–	86.5%	Investment holding
IM Life Sciences Limited	United Kingdom	Ordinary GBP950	89.5%	–	Investment management
Interman Europe plc	Isle of Man	Ordinary GBP436,152	100%	–	Investment holding
Interman Holdings Limited	British Virgin Islands	Ordinary US$41,500	100%	–	Investment holding
Interman Limited	Isle of Man	Ordinary GBP436,152	–	100%	Investment holding

Notes to the Consolidated Financial Statements (continued)

16. Interests in Subsidiaries (continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
iRegent Corporate Finance Limited	Cayman Islands	Ordinary US$2	100%	–	Corporate finance
iRegent Fund Management (Asia) Limited (formerly known as RLF Management Limited)	Barbados	Ordinary US$100	100%	–	Investment management
Regent Financial Services Limited (note (a) below)	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 Pacific Corporate Finance Limited	United Kingdom	Ordinary GBP730,000	100%	–	Corporate finance
Regent Pacific Group (Hong Kong) Limited (note (a) below)	Hong Kong	Ordinary HK$5,000,000	100%	–	Provision of management services
Regent Pacific Private Equity Limited	Barbados	Ordinary US$1	100%	–	Private equity
RPG (Bahamas) Limited	Bahamas	Ordinary US$134,220	100%	–	Investment holding

Notes:

a. The financial statements of these companies for the year ended 31 March 2002 were audited by a firm of auditors other than KPMG (which audit business has been taken over by a limited liability company, KPMG Audit LLC, since 1 October 2002).

b. These companies have a statutory financial year end of 31 December, in order to comply with local regulations. For the purposes of the Group accounts as at 31 March 2002, financial statements to that date have been prepared and audited.

Notes to the Consolidated Financial Statements (continued)

17. Interests in Associates

	Group		Company	
	2002 US$'000	2001 US$'000	2002 US$'000	2001 US$'000
Unlisted shares, at cost less impairment loss	–	–	64,060	*64,060*
Share of net assets other than goodwill:				
– Unlisted	78,960	*64,332*	–	–
	78,960	*64,332*	64,060	*64,060*

Particulars of the principal associates at 31 March 2002 are as follows:

Name of associate	Place of incorporation	Percentage of equity interest attributable to the Group		Principal activities
		Direct	Indirect	
Eclipse Investment Holdings Limited	British Virgin Islands	–	36.3%	Travel agent
Exchangebet.com Holdings Limited	British Virgin Islands	49.9%	–	Online betting
KoreaOnline Limited (note 6 above)	Cayman Islands	40.2%	–	Investment holding

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

The financial statements of all the above associates for the year ended 31 March 2002 were audited by a firm of auditors other than KPMG (which audit business has been taken over by a limited liability company, KPMG Audit LLC, since 1 October 2002).

Notes to the Consolidated Financial Statements (continued)

17. Interests in Associates (continued)

As the value of the Group's holding in KoreaOnline Limited is significant to the Group, further details regarding the results of KOL for the year ended 31 March 2002 and balance sheet as at 31 March 2002 are disclosed as follows:

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

	2002 US$'000	2001 US$'000
Revenues	120,781	*197,820*
Operating profit/(loss)	69,298	*(77,987)*
Exceptional items:		
Deemed gain on discontinuance of operations	–	*62,928*
Impairment of value of goodwill	–	*(119,086)*
Loss on deemed disposal of associates	–	*(5,360)*
Loss on disposal of subsidiaries	(1,762)	*(663)*
	67,536	*(140,168)*
Share of losses of associates	(322)	*(36,086)*
	67,214	*(176,254)*
Finance costs	(6,198)	*(9,412)*
Profit/(Loss) before taxation	61,016	*(185,666)*
Taxation	(1,809)	*(3,339)*
Profit/(Loss) after taxation	59,207	*(189,005)*
Minority interests	(20,206)	*25,207*
Net profit/(loss) for the year	39,001	*(163,798)*

Balance Sheet information:

	2002 US$'000	2001 US$'000
Fixed assets	72,543	*71,132*
Interests in associates	742	*604*
Long term investments	62,186	*39,687*
Negative goodwill	(28,154)	*(2,210)*
Total non-current assets	107,317	*109,213*
Current assets	386,031	*340,961*
Current liabilities	(181,130)	*(149,509)*
Net assets	312,218	*300,665*
Share capital	4,481	*4,481*
Reserves	190,238	*153,198*
Shareholders' equity	194,719	*157,679*
Minority interests	117,499	*142,986*
Capital and reserves	312,218	*300,665*

Notes to the Consolidated Financial Statements (continued)

17. Interests in Associates (continued)

a. The financial statements of KoreaOnline Limited for the year ended 31 March 2002 disclose that there are various legal proceedings against KOL and its subsidiaries. In two particular cases, Regent Insurance Co Ltd ("**RIC**") is claiming against KoreaOnline Co Ltd ("**KOCL**") and KoreaOnline (Labuan) Limited ("**KOLL**"), two wholly-owned subsidiaries of KOL, for around KRW5.6 billion (approximately US$4.2 million) on marketing and other expenses incurred by RIC for its own business. At the same time, KOCL and KOLL are counter-claiming other expenses incurred on behalf of RIC of up to KRW5.2 billion (approximately US$3.9 million). RIC has provisionally attached the call centre run by KOCL, the value of which was fully provided for in 2001, and shares held by KOLL including 11,601,195 shares in Bridge Securities Co Ltd. The management of KOL states that while it is not currently possible for them to predict or determine the outcomes of these proceedings, they are of the opinion that the outcomes will not have a materially adverse effect on KOL's results of operation, financial position or liquidity.

b. On 15 May 2002, the Company entered into a shareholders' agreement with The State of Wisconsin Investment Board (together with the Company, the "**Majority Shareholders**") regarding the shareholdings of the Company and SWIB in KOL (note 33(6) below). On 11 July 2002, the Majority Shareholders jointly deposited with the board of directors of KOL a notice requisitioning an extraordinary general meeting ("**EGM**") for the purpose of the dismissal of all of the current directors of the board of KOL and the appointment of new directors to the board of KOL. iRegent, SWIB and certain other minority shareholders, which together own approximately 83% of the issued share capital of KOL, have expressed their commitment to vote, and therefore are expected to vote, in favour of the resolutions contained in the requisition notice.

   In response to the requisition notice, the board of directors of KOL has issued a notice of an EGM to be held on 10 January 2003 to consider and, if thought fit, pass the ordinary resolutions outlined in the requisition notice. The Company and SWIB were of the view that there could not be any proper justification for KOL's current board of directors to delay the general meeting until 10 January 2003 given that it was a foregone conclusion that the resolutions for removing KOL's existing directors and appointing new directors should be passed by the Majority Shareholders. Accordingly, iRegent and SWIB commenced legal action in the Cayman Islands on 2 August 2002 seeking an order that KOL does convene an EGM as requisitioned by the Majority Shareholders within 7 days of the court order or such other period as the court thinks fit or that, unless KOL convenes the EGM as requisitioned by the Majority Shareholders within 7 days of the court order or such other period as may be ordered by the court, the Majority Shareholders be at liberty to convene the EGM. It is expected that the application seeking the relief sought by iRegent and SWIB will be heard by the court on 16 and 17 October 2002.

   KOL estimates, in its financial statements for the year ended 31 March 2002, that aggregate severance payments payable to the two existing executive directors of KOL upon their removal would amount to approximately US$9 million pursuant to their employment contracts. Such amount was not accrued in its accounts at 31 March 2002.

Notes to the Consolidated Financial Statements (continued)

18. Investments

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

Other non-current financial assets:

	Group		Company	
	2002 US$'000	2001 US$'000	2002 US$'000	2001 US$'000
Investment securities:				
Unlisted equity securities	19	*19*	19	*19*
Other investments:				
Listed equity securities				
– in Hong Kong	1,152	*3,800*	1,152	*3,800*
– outside Hong Kong	410	*688*	266	*242*
Unlisted equity securities at cost	15,669	*15,814*	51	*66*
Less: Provision for diminution	(9,828)	*(10,045)*	4	*(1,960)*
	7,422	*10,276*	1,492	*2,167*

All the above investments are in corporate entities.

Current investments:

	Group		Company	
	2002 US$'000	2001 US$'000	2002 US$'000	2001 US$'000
Other investments:				
Listed equity securities outside Hong Kong	471	*585*	–	–
Unlisted equity securities	1	*548*	–	–
	472	*1,133*	–	–
Other investments:				
Bank and other financial institutions	–	*212*	–	–
Corporate entities	472	*921*	–	–
	472	*1,133*	–	–

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

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

Notes to the Consolidated Financial Statements (continued)

19. Debt Securities Relating to Financial Business

There are no debt securities within investments in note 18 above.

20. Deferred Taxation

There is no material unprovided deferred taxation.

21. Cash and Bank Balances

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

	Group US$'000	Company US$'000
Cash and balances with banks	2,053	288
Money at call and short notice	469	59
Cash and bank balances in relation to financial business	2,522	347
Other bank deposits	3,017	3,017
	5,539	3,364

Within bank deposits, an amount of GBP465,000 was blocked as security for letters of credit issued to certain suppliers of the group of bigsave Holdings plc as part of the normal trade conditions imposed by those suppliers.

22. Accounts Receivable

	Group		Company	
	2002 US$'000	2001 US$'000	2002 US$'000	2001 US$'000
Current	560	*463*	37	–
1 to 3 months old	68	*9*	–	–
More than 3 months old but less than 12 months old	276	*42*	–	*33*
Total accounts receivable	904	*514*	37	*33*

The Group applies credit policies appropriate to the particular business circumstances concerned but generally requires outstanding amounts to be paid within 30 days of invoice.

Notes to the Consolidated Financial Statements (continued)

23. Due from Associate

	Group		Company	
	2002 US$'000	2001 US$'000	2002 US$'000	2001 US$'000
KoreaOnline (Labuan) Limited				
– Loan	–	*8,500*	–	*8,500*
– Advance and management fees	–	*4,327*	–	*4,302*
	–	*12,827*	–	*12,802*

The loan was unsecured, bearing interest at 1.625% over the US dollars best lending rate quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time and was fully repaid during the year to 31 March 2002 (referred to in note 25 below).

Advance and management fees receivable were unsecured, interest-free and repayable on demand.

24. Due from Related Party

As at 31 March 2001, the balance of the Group and the Company of US$2,039,000 represented the amount due from Charlemagne Capital Limited (formerly known as Regent Europe Limited). The amount due was unsecured, interest-free and repaid on 24 April 2001.

25. Bank Borrowings

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

Bank borrowings of the Group and the Company as at 31 March 2001 of US$7,543,000 comprised a bank loan which was repayable on demand and was fully repaid during that year. The loan was secured by an assignment of the debt due to the Company by virtue of a loan made by the Company to KoreaOnline (Labuan) Limited (referred to in note 23 above) and a pledge over 25,000,000 shares in Regent Securities Co Ltd being held by RPG (L) Ltd, a wholly-owned subsidiary of KoreaOnline (Labuan) Limited, and guaranteed by RPG (L) Ltd and KoreaOnline (Labuan) Limited, a wholly-owned subsidiary of KoreaOnline Limited. The borrowings were incurred in connection with a loan to KoreaOnline (Labuan) Limited.

Notes to the Consolidated Financial Statements (continued)

26. Accounts Payable, Accruals and Other Payables

	Group		Company	
	2002 US$'000	2001 US$'000	2002 US$'000	2001 US$'000
Due within 1 month or on demand	447	*324*	–	–
Due after 1 month but within 3 months	19	–	–	–
Due after 3 months but within 6 months	36	*37*	–	–
Total accounts payable	502	*361*	–	–
Accruals and other payables	4,869	*1,922*	1,514	*494*
Total accounts payable, accruals and other payables	5,371	*2,283*	1,514	*494*

As at 31 March 2002, an amount of US$937,000 (2001: Nil) included in accruals and other payables was provision for bonuses.

27. Share Capital

Shares

	Company	
	2002 US$'000	2001 US$'000
Authorised:		
2,000,000,000 ordinary shares of US$0.01 each	20,000	*20,000*
86,728,147 unclassified shares of US$0.01 each which may be issued as ordinary shares or as non-voting convertible deferred shares of US$0.01 each	867	*867*
	20,867	*20,867*
Issued and fully paid:		
1,100,174,288 ordinary shares of US$0.01 each	11,002	*11,002*
86,728,147 non-voting convertible deferred shares of US$0.01 each	867	*867*
	11,869	*11,869*

There were no changes in the share capital of the Company during the year ended 31 March 2002.

Notes to the Consolidated Financial Statements (continued)

27. Share Capital (continued)

Rights of the Deferred Shares

Holders of the non-voting convertible deferred shares of US$0.01 each in the capital of the Company (the "**Deferred Share(s)**") are not entitled to vote at any of the general meetings of the Company. The Deferred Shares are transferable with the prior written consent of the Directors of the Company and with prior notice to The Stock Exchange of Hong Kong Limited (the "**HK Stock Exchange**").

Each Deferred Share carries a conversion right to convert into one ordinary share of US$0.01 in the capital of the Company commencing six months from the date of issue (9 June 2000). The shares issued and allotted upon conversion of the Deferred Shares (the "**Conversion Shares**") shall, when issued, rank pari passu in all respects with all other ordinary shares of the Company in issue on the date of conversion including the right to any dividends or distribution.

No application was made for the listing of the Deferred Shares on the HK Stock Exchange. However, application has been made to the HK Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

During the year ended 31 March 2002, no Deferred Shares were converted into ordinary shares.

Warrants

On 9 June 2000, the Company issued and allotted, by way of bonus, an aggregate of 237,882,087 units of registered warrants (the "**Warrants 2003**") exercisable during the period from 9 June 2000 up to 30 June 2003, both days inclusive, at an initial subscription price of HK$2.80, subject to adjustment, for each share of US$0.01 in the Company to its shareholders whose names appeared in its Register of Members at 9:00 am on 17 May 2000 in the proportion of one unit of warrant for every five shares in the Company then held.

During the year ended 31 March 2002, no Warrants 2003 were exercised (2001: 5,000 units) or repurchased (2001: Nil). As at 31 March 2002, there were 237,877,087 units of outstanding Warrants 2003 (2001: 237,877,087 units).

Share options

The Company's employee share option scheme (the "**iRegent Share Option Scheme**") approved by the shareholders on 24 July 1996 (and was 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)), as amended on 27 May 1998, provides the Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to the eligible participants (including directors, executives and employees of the Company and its subsidiaries). The scheme may, at the discretion of the Directors, be used in conjunction with any cash based compensation, incentive compensation or bonus plan. The scheme shall continue in force until 14 July 2004 unless it is terminated before then.

Notes to the Consolidated Financial Statements (continued)

27. Share Capital (continued)

Share options (continued)

The maximum number of shares in respect of which options may be granted under the scheme, when aggregated with any securities subject to any other schemes of the Company, shall not exceed 10% of the issued share capital of the Company from time to time, which amounted to 110,017,428 ordinary shares on the basis of the total issued voting share capital of the Company as at the date of this annual report. The number of shares issued or issuable upon exercise of options granted to any individual eligible participant shall not exceed 25% of the maximum number of shares which may be issued or are issuable under the scheme, that is 27,504,357 ordinary shares on the basis of the total number of shares available for grant of options under the scheme as at the date of this annual report.

An offer of the grant of an option shall remain open for acceptance by the eligible participant concerned for a period of 28 days inclusive of and from the date on which such offer is made to that eligible participant or such shorter period as the Directors may in their absolute discretion determine. An offer which remains capable of acceptance shall be deemed to have been accepted upon the date when the duly completed and signed form of acceptance and a remittance for HK$10, being the consideration for the grant thereof, are received by the Company. The option shall, following such acceptance, be deemed to have been granted and to have taken effect on the date of acceptance.

The exercise price is to be determined by the Directors in their absolute discretion when the option is offered, provided that in no event shall such price be less than the higher of the nominal value of the shares of the Company and 80% of the average of the closing prices of the Company's shares on the HK Stock Exchange on the five trading days immediately preceding the date of the offer.

Options currently outstanding under the iRegent Share Option Scheme were granted with various vesting schedules. Certain of the outstanding options entitle the holders to exercise the whole of the option at any time after the third anniversary date of the date of grant of the respective options but within 60 months from that date of grant. Other options, however, entitle the holders to exercise one-third of the option at each of the first, second and third anniversary dates after the date of grant. Any entitlements unexercised in any prior period may be carried forward to the following periods but, in any event, must be exercised within 60 months from the date of grant. All entitlements of the option that remain unexercised at the fifth anniversary date of the date of grant will lapse.

As at 1 April 2001, under the iRegent Share Option Scheme there were outstanding options entitling the holders to subscribe in stages from the respective dates of grant for a period of 60 months for an aggregate of 15,331,984 ordinary shares of US$0.01 each in the Company at exercise prices ranging from HK$0.60 to HK$1.91 per share. During the year ended 31 March 2002, options in respect of an aggregate of 18,400,000 (2001: 25,270,000) shares at exercise price of HK$0.16 per share were granted. No options (2001: options in respect of 41,223,965 shares) were exercised and no options (2001: Nil) were cancelled. Options in respect of an aggregate of 19,631,984 (2001: 17,194,730) shares lapsed. Accordingly, as at the balance sheet date, there were outstanding options entitling the holders to subscribe in stages from the respective dates of grant for a period of 60 months for an aggregate of 14,100,000 (2001: 15,331,984) ordinary shares in the Company at exercise prices ranging from HK$0.16 to HK$1.40 per share. Exercise in full of such options would result in the issue of 14,100,000 additional ordinary shares in the Company for aggregate proceeds, before expenses, of approximately HK$7,714,000 (or approximately US$991,000).

Notes to the Consolidated Financial Statements (continued)

27. Share Capital (continued)

Share options (continued)

Subsequent to the year end date, an option in respect of 500,000 shares lapsed. Accordingly, as at the date of this annual report, there were outstanding options entitling the holders to subscribe in stages for an aggregate of 13,600,000 ordinary shares at exercise prices ranging from HK$0.16 to HK$1.40 per share. Exercise in full of such options would result in the issue of 13,600,000 additional ordinary shares for aggregate proceeds, before expenses, of approximately HK$7,184,000 (or approximately US$923,000).

Particulars of the options granted under the iRegent Share Option Scheme during the year to various participants are as follow:

a. Directors, Chief Executive and substantial shareholders

As at 1 April 2001, there were outstanding options in respect of an aggregate of 10,756,984 shares held by the Directors and the Chief Executive Officer of the Company. During the year, options in respect of an aggregate of 10,750,000 shares were granted to the Directors and the Chief Executive Officer of the Company. None of the Directors or the Chief Executive Officer of the Company exercised any of their rights under the respective options granted to them and subscribed for shares in the Company. No options were cancelled, and options in respect of an aggregate of 10,006,984 shares lapsed upon resignation of certain Directors or expiry of the option period of the relevant option. Accordingly, as at the balance sheet date, there were outstanding options in respect of an aggregate of 11,500,000 shares held by the Directors and the Chief Executive Officer of the Company. Particulars of the options granted to the Directors and the Chief Executive Officer are set out under the section headed "Directors' Interests in Securities and Options" in the report of the Directors of this annual report. No options were granted to or held by any associates of the Directors of the Company at any time during the year.

For the avoidance of doubt, the Chief Executive Officer of the Company referred to above is Jamie Gibson who was appointed to this position on 16 May 2002. No options were granted to the former Chief Executive Officer of the Company, James Mellon. In addition, for consistency of classification, employees appointed as the Directors of the Company during the year were treated as if they were Directors of the Company as at 1 April 2001 for the purpose of the above calculation of the options held by the Directors of the Company as at 1 April 2001 and the options granted to the Directors during the year. Accordingly, their options are not included in the figures shown under sub-paragraph (c) below in respect of options granted to full-time employees of the Group.

No options were granted to or held by the substantial shareholder of the Company, as referred to in the section headed "Substantial Shareholders" in the report of the Directors of this annual report, or his associates at any time during the year.

b. Participants in excess of individual limit

No participants were granted with options (including exercised and outstanding options) in respect of an aggregate number of shares in the Company which was in excess of the individual limit referred to in Rule 17.03(4) of The Rules Governing the Listing of Securities on the HK Stock Exchange (the "**HK Listing Rules**").

Notes to the Consolidated Financial Statements (continued)

27. Share Capital (continued)

Share options (continued)

c. Full-time employees

As at 1 April 2001, there were outstanding options entitling full-time employees of the Group to subscribe in stages from the respective dates of grant for a period of 60 months for an aggregate of 4,575,000 ordinary shares in the Company at exercise prices ranging from HK$1.06 to HK$1.91 per share. During the year, options in respect of an aggregate of 7,650,000 shares at exercise price of HK$0.16 were granted. No options were exercised or cancelled. Options in respect of an aggregate of 9,625,000 shares lapsed upon resignation or termination of employment contracts of the employees. The service contract of a full-time employee holding an option in respect of 500,000 shares at exercise price of HK$1.06 was terminated during the year and instead he was engaged as a consultant of the Group with his option retained (which is set out in sub-paragraph (d) below). Accordingly, as at the balance sheet date, there were outstanding options entitling full-time employees of the Group to subscribe in stages from the respective dates of grant for a period of 60 months for an aggregate of 2,100,000 ordinary shares in the Company at exercise prices ranging from HK$0.16 to HK$1.40 per share.

Among the options in respect of 7,650,000 shares granted to the employees of the Group during the year, options in respect of 3,950,000 shares were offered on 2 April 2001 and options in respect of 3,700,000 shares were offered on 25 April 2001. The options were granted upon acceptance by the respective employees, which dates were various from one option to another. However, the exercise prices of the options were determined on the dates when the offer was made. The closing prices of the shares of the Company quoted on the HK Stock Exchange on 30 March 2001 and 24 April 2002, being the business dates immediately preceding the dates when the options granted to the employees during the year were offered, were HK$0.180 and HK$0.185 respectively.

Employees appointed as Directors of the Company during the year were treated as if they were Directors of the Company as at 1 April 2001 for the purpose of the calculation of the options held by the Directors of the Company as at 1 April 2001 and the options granted to the Directors during the year (see sub-paragraph (a) above). Accordingly, their options are not included in the figures shown under this paragraph in respect of options granted to full-time employees of the Group.

d. Suppliers of goods and services

As at 1 April 2001, no outstanding options were held by suppliers of goods and services. During the year, a full-time employee holding an option in respect of 500,000 shares at exercise price of HK$1.06, as referred to in sub-paragraph (c) above, was re-designated as consultant of the Group with his option retained. Accordingly, as at the balance sheet date, there was an outstanding option entitling a consultant of the Group to subscribe in stages from the date of grant for a period of 60 months for 500,000 ordinary shares in the Company at exercise price of HK$1.06 per share.

This consultant's option lapsed subsequent to the year end date upon termination of his consultancy agreement.

Notes to the Consolidated Financial Statements (continued)

27. Share Capital (continued)

Share options (continued)

e. Other participants

Save for the options referred to in sub-paragraphs (a) to (d) above, no options were granted to or held under the iRegent Share Option Scheme by other participants at any time during the year.

The Directors have made a valuation of the options granted under the iRegent Share Option Scheme during the year using a modified Black Scholes option pricing model. This calculates a theoretical valuation assuming that the options involved are freely tradable.

The volatility of the Group's share price was measured over the 260 trading days prior to the grant of the options. It was further assumed that the risk-free interest rate ruling was 4% per annum, that no dividends will be paid and that the options would not lapse prior to the latest exercise date.

The Directors have valued all options in force at 31 March 2002, totalling options in respect of an aggregate of 14,100,000 shares as indicated above, using the similar assumptions but based upon the Group's then share price of HK$0.23. In their opinion, the aggregate value of all outstanding options at that time amounted to approximately US$177,000.

On 1 September 2001, the HK Stock Exchange introduced certain amendments to Chapter 17 of the HK Listing Rules with respect to requirements for share option schemes of Hong Kong listed companies and their subsidiaries. In view of this, the Directors have proposed that a new share option scheme in compliance of the new requirements be established for the Company, subject to approval by the Company's shareholders at the annual general meeting of the Company for Year 2002 (the "**2002 Annual General Meeting**"). In order to differentiate this new scheme from the iRegent Share Option Scheme, the new scheme is named "Share Option Scheme (2002)" (the "**Share Option Scheme (2002)**"). Details of the new scheme are set out in a shareholders' circular to be issued by the Company.

Application will be made to the Listing Committee of the HK Stock Exchange for the approval of the listing of and permission to deal in the shares to be issued pursuant to the exercise of the options granted under the Share Option Scheme (2002). Implementation of the scheme is subject to such approval of listing and permission to deal being granted.

The adoption of the Share Option Scheme (2002) shall not affect outstanding options under the iRegent Share Option Scheme (referred to as the "**Existing Scheme**" below). However, the Directors have proposed that the Existing Scheme be terminated, subject to the adoption of the Share Option Scheme (2002) and the grant by the HK Stock Exchange of the aforesaid approval in respect of the listing of and permission to deal in the shares falling to be issued pursuant to the exercise of any options granted under the Share Option Scheme (2002). Accordingly, approval of the shareholders will also be sought at the 2002 Annual General Meeting to terminate the Existing Scheme, provided that its provisions shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted under such scheme prior to the date of such termination. No further options will be granted under the Existing Scheme prior to the date of the 2002 Annual General Meeting.

Notes to the Consolidated Financial Statements (continued)

28. Reserves

	Retained profits/ (accumulated losses) US$'000	Share premium US$'000	Asset revaluation reserve US$'000	Capital redemption reserve US$'000	Goodwill reserve US$'000	Foreign currency exchange reserve US$'000	Total US$'000
Group							
At 1 April 2000	63,800	65,756	–	1,179	(25,893)	4,194	109,036
Excess of amount received over the par value of shares issued	–	48,965	–	–	–	–	48,965
Excess of amount paid over the par value of shares repurchased	–	(458)	–	–	–	–	(458)
Transfer from retained profits in respect of repurchase of shares	(25)	–	–	25	–	–	–
Share of property revaluation within associates	–	–	3,735	–	–	–	3,735
Movement of goodwill	–	–	–	–	20,099	–	20,099
Goodwill transferred on dividend distribution	(5,794)	–	–	–	5,794	–	–
Foreign currency translation adjustment	–	–	–	–	–	(10,844)	(10,844)
Loss for the year	(98,331)	–	–	–	–	–	(98,331)
At 31 March 2001	*(40,350)*	*114,263*	*3,735*	*1,204*	–	*(6,650)*	*72,202*
Foreign currency translation adjustment	–	–	–	–	–	(617)	(617)
Profit for the year	3,553	–	–	–	–	–	3,553
At 31 March 2002	(36,797)	114,263	3,735	1,204	–	(7,267)	75,138

Notes to the Consolidated Financial Statements (continued)

28. Reserves (continued)

	Company	
	2002 US$'000	2001 US$'000
Profit/(Loss) for the year in:		
Group	(11,863)	*(25,051)*
Associates	15,416	*(73,280)*
	3,553	*(98,331)*
(Losses)/Profits retained by:		
Company	(54,758)	*(52,081)*
Subsidiaries	43,385	*52,571*
Associates	(25,424)	*(40,840)*
Group total	(36,797)	*(40,350)*

The increase in share premium for the year ended 31 March 2001 as stated above comprises US$43,286,000 resulting from the acquisition of Interman Holdings Limited and US$6,253,000 due to exercise of share options and warrants less share issue expenses of US$574,000.

Movements in the goodwill reserve are detailed in note 8 above.

	Retained profits/ (accumulated losses) US$'000	Share premium US$'000	Capital redemption reserve US$'000	Foreign currency exchange reserve US$'000	Total US$'000
Company					
At 1 April 2000	27,968	68,021	1,179	79	97,247
Excess of amount received over the par value of shares issued	–	48,965	–	–	48,965
Excess of amount paid over the par value of shares repurchased	–	(458)	–	–	(458)
Transfer from retained profits in respect of repurchase of shares	(25)	–	25	–	–
Loss for the year	(80,024)	–	–	–	(80,024)
At 31 March 2001	*(52,081)*	*116,528*	*1,204*	*79*	*65,730*
Loss for the year (note 11 above)	(2,677)	–	–	–	(2,677)
At 31 March 2002	(54,758)	116,528	1,204	79	63,053

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

Notes to the Consolidated Financial Statements (continued)

29. Retirement Scheme

The Group has operated a defined contributory staff retirement scheme in Hong Kong which has complied with all the respective requirements of the Occupational Retirement Schemes Ordinance ("**ORSO**") since April 1991. On 1 December 2000, the above scheme was terminated and transferred to a new mandatory provident fund scheme (the "**MPF Scheme**") which complies with all the respective requirements under the Mandatory Provident Fund Ordinance (the "**MPF Ordinance**"). All assets under the schemes are held separately from the Group under independently administered funds. The MPF Scheme has two plans. Plan A is available to those employees who were transferred from the old ORSO scheme and contributions are based on a specific percentage of the basic salary of the eligible employees. Plan B is available to all other employees in Hong Kong and contributions follow the minimum requirements of the MPF Ordinance.

Contributions are expensed as incurred and may be reduced by contributions forfeited by those employees under Plan A who leave the schemes prior to vesting fully in the contributions. During the year, there were no forfeited contributions and the Group's contribution was US$33,696 (2001: US$20,519).

30. Notes to the Consolidated Cash Flow Statement

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

	2002 US$'000	2001 US$'000
Net cash outflow from operating activities:		
Operating profit/(loss) on core activities	2,599	*(76,059)*
Interest income	(206)	*(545)*
Depreciation and amortisation	1,026	*1,139*
Unrealised profit on current investments	(239)	*(7,615)*
Loss on disposal of fixed assets	125	*68*
Share of (profits)/losses of associates	(16,143)	*53,440*
Net loss on disposal of current investments	430	*12,493*
Net profit on disposal of other non-current financial assets	(45)	*(1,886)*
Provision for diminution in value of other investments	2,772	*10,045*
Provision for diminution in value of other non-current assets	–	*657*
Foreign exchange loss/(gain)	607	*(1,343)*
(Increase)/Decrease in accounts receivable	(390)	*23,383*
Decrease/(Increase) in amount due from associate	4,327	*(4,327)*
Decrease in prepayments, deposits and other receivables	468	*4,289*
Decrease/(Increase) in stocks	2	*(212)*
Increase/(Decrease) in accounts payable, accruals and other payables	3,088	*(24,260)*
Net cash outflow from operating activities	(1,579)	*(10,733)*

Notes to the Consolidated Financial Statements (continued)

30. Notes to the Consolidated Cash Flow Statement (continued)

b. Purchase of subsidiaries during the year ended 31 March 2001

	Interman Holdings Limited US$'000	Cycletek Investments Limited US$'000	AstroEast.com Limited US$'000	IM Life Sciences Limited US$'000	Total US$'000
Fixed assets	625	–	32	–	657
Intangible assets	25	–	–	–	25
Interests in associates	–	333	–	–	333
Other non-current financial assets	4,330	–	102	–	4,432
Accounts receivable	164	–	33	–	197
Cash at bank	5,567	–	42	399	6,008
Prepayments, deposits and other receivables	2,305	21	4	–	2,330
Accounts payable and accruals	(795)	–	(61)	–	(856)
Share of loss of associates	–	–	565	–	565
	12,221	354	717	399	13,691
Less: Minority interests	(2,694)	(50)	(222)	(150)	(3,116)
	9,527	304	495	249	10,575
Add: Goodwill	35,971	114	1,460	150	37,695
	45,498	418	1,955	399	48,270
Satisfied by:					
– shares allotted	45,498	–	–	–	45,498
– cash	–	418	1,500	399	2,317
– investments	–	–	455	–	455
	45,498	418	1,955	399	48,270

Analysis of the net inflow/(outflow) of cash and cash equivalents in respect of the acquisition of subsidiaries:

Cash consideration	–	(418)	(1,500)	(399)	(2,317)
Cash at bank and deposits acquired	5,567	–	42	399	6,008
Net inflow/(outflow) of cash and cash equivalents in respect of subsidiaries acquired	5,567	(418)	(1,458)	–	3,691

Notes to the Consolidated Financial Statements (continued)

30. Notes to the Consolidated Cash Flow Statement (continued)

c. Distribution of subsidiary and sale of associate during the year ended 31 March 2001

	Charlemagne Capital Limited (formerly known as Regent Europe Limited) US$'000
Fixed assets	392
Interests in associates	(8,973)
Interests in joint venture	2,350
Other non-current financial assets	4,343
Current investments	13,282
Accounts receivable	3,645
Cash at bank	7,678
Prepayment, deposits and other receivables	235
Accounts payable and accruals	(5,854)
Tax payable	(121)
Net assets disposed by in specie dividend	16,977
Net outflow of cash and cash equivalents in respect of subsidiary disposed of	(7,678)

d. Analysis of changes in financing

	Share capital US$'000	Share premium US$'000	Minority interests US$'000	Total US$'000
At 1 April 2000	9,268	65,756	54	75,078
Cash inflow from issue of shares	413	5,679	–	6,092
Cash outflow from repurchase of shares	(25)	(458)	–	(483)
Acquisition of subsidiaries	2,213	43,286	3,116	48,615
Share of loss for the year	–	–	(3,119)	(3,119)
Deemed disposal of subsidiary	–	–	1,539	1,539
At 31 March 2001	*11,869*	*114,263*	*1,590*	*127,722*
Share of loss for the year	–	–	(2,030)	(2,030)
Deemed disposal of subsidiary	–	–	50	50
Effect of foreign exchange rates	–	–	437	437
At 31 March 2002	11,869	114,263	47	126,179

Notes to the Consolidated Financial Statements (continued)

31. Off Balance Sheet Exposures

Derivatives

At 31 March 2002, there were forward and futures contracts amounting to approximately US$2,219,000 (2001: Nil) and US$638,000 (2001: Nil) respectively 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.

A profit of US$27,000 (2001: Nil) and a loss of US$34,000 (2001: Nil) were made from forward and futures trading respectively during the year.

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

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

In the course of the Group's normal trading in currencies, futures and options, margin deposits of varying amounts of cash are held by the Group's brokers. As at 31 March 2002, the amount of these margin deposits was US$264,000 (2001: US$6,000).

Lease commitments

Group

	2002 US$'000	2001 US$'000
At 31 March 2002, the total future minimum lease payments under non-cancellable operating leases are payable as follows:		
Property:		
– within 1 year	287	*447*
– in the 2nd to 5th year, inclusive	427	*133*
– over 5 years	–	–
	714	*580*
Plant and equipment:		
– within 1 year	3	*3*
– in the 2nd to 5th year, inclusive	5	*8*
– over 5 years	–	–
	8	*11*

Notes to the Consolidated Financial Statements (continued)

31. Off Balance Sheet Exposures (continued)

Lease commitments (continued)

The Group leases a number of properties and items of plant and machinery and office equipment under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease when all terms are renegotiated. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals.

Company

The Company has no lease commitments.

Capital commitments

As at 31 March 2001, the Company had an outstanding balance of GBP718,385 in relation to the consideration for the acquisition of 89.5% stake in IM Life Sciences Limited. The Company has no capital commitments at 31 March 2002.

32. 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 95%. The largest single contribution by one fund company amounted to 36% 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.

33. Material Related Party Transactions

The following is a summary of significant contracts or connected transactions of the Company (under Chapter 14 of the HK Listing Rules) which subsisted at 31 March 2002 or at any time during the year, to which the Company or any of its subsidiaries was a party and in which a Director or Directors of the Company is/are or was/were materially interested, either directly or indirectly. All such transactions were entered into in the ordinary course of business of the Group.

(1) A share sale and purchase agreement dated 5 January 2001 was entered into between (a) the Company as vendor; (b) Abraxas Capital Limited, an indirect wholly-owned subsidiary of KoreaOnline Limited which was then a 46.4% owned associate of the Company, as purchaser; and (c) KOL in respect of the proposed disposal by the Company of its entire holding of 18,000,000 shares in KOL to Abraxas Capital Limited for a consideration of US$180 million, representing US$10 per share, which was to be satisfied by three-year promissory notes issued by Abraxas Capital Limited with a nominal value of US$180 million carrying a coupon of 5% per annum payable in arrears.

Pursuant to an amendment dated 27 February 2001, the completion date of such share sale and purchase agreement was postponed from 31 March 2001 to 31 May 2001. The agreement was cancelled on 14 May 2001.

Notes to the Consolidated Financial Statements (continued)

33. Material Related Party Transactions (continued)

The disposal of the Company's interests in KOL would have constituted a major transaction of the Company under Chapter 14 of the HK Listing Rules and been subject to, inter alia, approval by shareholders of the Company at extraordinary general meeting.

As at the date of the above share sale and purchase agreement, Peter Everington, who ceased to be a Director of the Company on 7 January 2002, and Robin Willi, who resigned as a Director of the Company on 1 March 2001, were directors of KOL, and Peter Everington held an interest of approximately 0.2% in its total issued share capital.

(2) A loan agreement dated 26 September 2001 was entered into between (a) the Company as lender and (b) AstroEast.com Limited ("**AstroEast**"), an indirect 51% owned subsidiary of the Company, as borrower, pursuant to which the Company agreed to grant an interest bearing secured loan facility of up to an amount of US$50,000 to AstroEast.

The facility is secured by AstroEast granting, at the request of the Company, a first priority perfected security interest in all interests of AstroEast of at least 1,614,625 shares of iFuture.com Inc, which are listed on the Canadian Venture Exchange. AstroEast must maintain such collateral with a minimum coverage of at least 300% of the amount outstanding in respect of the facility.

The above loan agreement constituted a connected transaction of the Company under Chapter 14 of the HK Listing Rules. However, the Directors of the Company were of the opinion that the facility, being interest bearing and secured by the collateral in the form of marketable securities valued at 300% of the amount outstanding, was granted on normal commercial terms. Additionally, they considered that it was in the ordinary and usual course of business of the Company to offer financial assistance to its subsidiaries from time to time. As a result, the loan agreement was not subject to any disclosure or shareholders' approval requirements as a connected transaction in accordance with the de minimis provision under Rule 14.24(5) of the HK Listing Rules.

As at the date of the loan agreement, James Mellon, Anthony Baillieu and Karin Schulte were directors of AstroEast. In addition, Peter Everington, who ceased to be a Director of the Company on 7 January 2002, held an interest of less than 2% of its total issued share capital, and each of Anthony Baillieu, Julian Mayo, Jayne Sutcliffe, Anderson Whamond and Jamie Gibson, who was appointed a Director of the Company on 7 January 2002, held an interest of less than 1% of its total issued share capital.

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

(3) An agreement dated 9 October 2001 was entered into between (a) iRegent Corporate Finance Limited ("**iRCF**"), a direct wholly-owned subsidiary of the Company, and (b) Betinternet.com plc ("**Betinternet**"), an AIM listed online gaming company, pursuant to which iRCF was engaged by Betinternet as its financial adviser and exclusive placing agent in respect of a placement of shares of Betinternet with a view to raising between GBP2.5 million to GBP3 million.

Notes to the Consolidated Financial Statements (continued)

33. Material Related Party Transactions (continued)

Among the aggregate funding of GBP3 million raised on the placement, an amount of GBP2.5 million was committed by Burnbrae Limited, and Mark Child, who was appointed as a Director of the Company on 7 January 2002, and two trusts of which Mark Child is one of the trustees for the benefit of his sons committed an aggregate amount of GBP115,000. A placement fee of GBP112,500 was received by iRegent Group.

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

(4) Five facilities agreements dated 24 January 2002, 6 February 2002, 24 April 2002, 23 July 2002 and 29 July 2002 respectively were entered into between (a) bigsave Holdings plc ("**bigsave**"), an indirect 64.3% owned subsidiary of the Company, as borrower and (b) Burnbrae Limited as lender, pursuant to which Burnbrae Limited agreed to advance unsecured interest-bearing loan facilities of maximum amounts of GBP80,000 (approximately US$114,000), GBP300,000 (approximately US$427,500), and GBP75,000 (approximately US$106,875), GBP25,000 (approximately US$35,625) and GBP75,000 (approximately US$106,875) respectively to bigsave.

The above facilities agreements constituted connected transactions of the Company under Chapter 14 of the HK Listing Rules. However, they were not subject to any disclosure or shareholders' approval requirements as connected transactions in accordance with Rule 14.24(8) of the HK Listing Rules. The Directors of the Company were of the opinion that as bigsave was not operationally profitable and in the current economic environment it was unlikely for bigsave to either obtain loan financing from a bank or raise equity capital, the facilities from Burnbrae Limited were the most feasible way for bigsave to obtain funding. They were of the opinion that the facilities were granted on normal commercial terms.

Burnbrae Limited was a private company wholly-owned by a trust, of which James Mellon was the sole beneficiary. David McMahon and Anderson Whamond were directors of Burnbrae Limited. James Mellon was a director of bigsave. Each of Anthony Baillieu, Dominic Bokor-Ingram, who resigned as a Director of the Company on 11 March 2002, Jamie Gibson, Julian Mayo, David McMahon, Jayne Sutcliffe and Anderson Whamond was interested in less than 1% of the existing issued share capital of bigsave.

An aggregate amount of GBP380,000 (approximately US$541,500) was drawn down by bigsave during the year ended 31 March 2002 pursuant to the first two facilities agreements. The remaining amount of GBP175,000 was drawn down by bigsave subsequent to the year end date pursuant to the other three facilities agreements.

Subsequent to 31 March 2002, the following significant contracts, to which the Company or any of its subsidiaries was a party and in which a Director or Directors of the Company is/are or was/were materially interested, either directly or indirectly, were entered into. All such transactions were entered into in the ordinary course of business of the Group.

Notes to the Consolidated Financial Statements (continued)

33. Material Related Party Transactions (continued)

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

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

The agreement was completed on 29 April 2002.

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

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

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

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

Notes to the Consolidated Financial Statements
(continued)

34. Post Balance Sheet Events

On 29 April 2002, IM Life Sciences Limited, a subsidiary of the Company, was disposed of at a total consideration of GBP0.90 (approximately US$1.2825) (note 33(5) above). The loss on disposal was approximately US$112,000, which was fully provided for at 31 March 2002.

35. Contingent Liabilities

The Group was not involved in any material litigation or disputes during the year ended 31 March 2002 apart from the action commenced against KoreaOnline Limited as described in the Chairman's Statement and the Management's Discussion and Analysis section.

36. Reclassification of Comparative Figures

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