Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

1. The Company

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability. Its registered office is at P O Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies. The Company's shares and warrants are listed on The Stock Exchange of Hong Kong Limited. The subscription period of the warrants expired on 30 June 2003.

The Company's principal activity was investment holding, and the Group's principal activities consisted of asset management; provision of investment advisory services; corporate finance and advisory services; corporate investment; and internet retailing.

2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these accounts are set out below:

a. Basis of preparation

These financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants (the "**HKSA**"). They have been prepared under the historical cost convention except that other investments are valued at fair value, as explained in the accounting policy for investments below.

In the current year, the Group adopted the following Statements of Standard Accounting Practice ("**SSAP**") issued by the HKSA which are effective for accounting periods commencing on or after 1 January 2002:

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

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

b. Reporting currency

The reporting currency of the Group is United States dollars.

Notes to the Consolidated Financial Statements

2. Summary of Significant Accounting Policies (Continued)

c. Group accounting

(i) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March.

A subsidiary is a company in which the Group, directly or indirectly, controls more than one half of the voting power; or has the power to govern the financial and operating policies, to appoint or remove the majority of the members of the board of directors, or to cast majority of votes at the meetings of the board of directors.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal as approrpriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortised goodwill or negative goodwill.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company's balance sheet, the investments in subsidiaries are stated as cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

2. Summary of Significant Accounting Policies (Continued)

c. Group accounting (Continued)

(ii) Associates

An associate is a company, not being a subsidiary or a joint venture, in which an equity interest is held for the long-term and the Company or the Group has significant influence over its management, including participation in the financial and operating policy decisions.

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

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

Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

d. Fixed assets and depreciation

Fixed assets comprising furniture and fixtures, computer and other equipment are stated at cost less accumulated depreciation and impairment losses.

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

2. Summary of Significant Accounting Policies (Continued)

e. Impairment of assets

Internal and external sources of information are considered at each balance sheet date to assess whether there is any indication that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- fixed assets; and
- investments in subsidiaries and associates

If any such indication exists, the asset's recoverable amount is estimated and, where relevant, an impairment loss is recognised in the income statement to reduce the asset to its recoverable amount.

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

f. Investments in securities

Investments are classified as investment securities and other investments.

(i) Investment securities are stated in the balance sheet at cost less any provision for impairment loss.

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

This impairment loss is written back to the income statement when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

(ii) Other investments are stated in the balance sheet at fair value. At each balance sheet date, the net realised gains or losses arising from changes in fair value are recognised within turnover in the income statement. Fair value for listed securities is quoted market price at the balance sheet date. Fair value for unlisted equity securities is directors' valuation, which may be based on net asset value or cost less provision for impairment loss of investments.

2. Summary of Significant Accounting Policies (Continued)

f. Investments in securities (Continued)

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

g. Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessors are accounted for as operating leases. Rentals net of any incentives received from the lessors on operating leases are charged to the income statement on a straight-line basis over the lease terms.

h. Deferred taxation

Deferred taxation is accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the financial statements to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

i. Derivatives

Off-balance sheet financial instruments include derivatives, such as futures and options contracts, undertaken by the Group in foreign exchange and equity markets. Transactions undertaken for trading purposes are re-measured to their fair value. Fair values for futures and options contracts are quoted market prices at the balance sheet date. Unrealised profits on trading derivatives which are marked to market are included in "prepayments, deposits and other receivables". Unrealised losses on trading derivatives which are marked to market are included in "accounts payable, accruals and other payables".

j. Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

2. Summary of Significant Accounting Policies (Continued)

k. Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, cash investments with a maturity of three months or less from date of investment and bank overdrafts.

l. Accounts receivable

Provision is made against accounts receivable to the extent they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

m. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

n. Translation of foreign currencies

The Company maintains its accounting records in United States dollars. Foreign currency transactions are recorded at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at that date. Exchange differences are recognised in the income statement.

The balance sheets of subsidiaries and associates expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the income statements are translated at an average rate. Exchange differences are dealt with as a movement in reserves.

Notes to the Consolidated Financial Statements

2. Summary of Significant Accounting Policies (Continued)

o. Revenue recognition

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

(i) investment management, advisory and administration fees; and other corporate finance and advisory fees and commissions contractually receivable by the Group are recognised in the period in which the respective fees are earned. Performance fees arising upon the achievement of specified targets are recognised at the respective funds' year-ends only when such performance fees are confirmed as receivable;

(ii) profit or loss on sale of other investments and investment securities is recognised when the title is passed;

(iii) interest is recognised on a time apportioned basis, taking into account the principal amounts outstanding and the interest rates applicable; and

(iv) dividend income is recognised when the right to receive payment is established.

p. Turnover

Turnover includes:

(i) investment management and performance fees from asset management business;

(ii) corporate finance and advisory fees and commission income from corporate advisory services; and

(iii) realised and unrealised profits or losses and dividend income from investment in securities.

q. Employee benefits

(i) Bonus plans

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

2. Summary of Significant Accounting Policies (Continued)

q. Employee benefits (Continued)

(ii) Pension obligations

The Group operates a defined contribution plan, the assets of which are held in a separate trustee-administered funds. The pension plans are funded by payments from employees and by the relevant Group companies.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred and may be reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions depending on the nature of the plans under the scheme.

(iii) Stock options

The stock options granted are not recorded as expenses.

r. Borrowing costs

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

s. Segmental reporting

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

Unallocated costs represent corporate expenses. Segment assets consist primarily of fixed assets, investments in securities, receivables, prepayments and deposits and operating cash. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings. Capital expenditure comprises additions to fixed assets, including additions resulting from acquisitions through purchases of subsidiaries.

Notes to the Consolidated Financial Statements

3. Segmented Information

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

Business segments

The Group comprises four business segments as follows:

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

Inter-segment revenues arising from inter-segment transactions conducted at competitive market prices charged to external customers. Those revenues are eliminated on consolidation.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

3. Segmented Information (Continued)

Business segments (Continued)

For the year ended 31 March 2003

	Asset management US$'000	Corporate finance US$'000	Corporate investment US$'000	Internet retailing US$'000	Inter-segment elimination US$'000	Others US$'000	Consolidated US$'000
Revenue from external customers	2,236	32	52	15	–	–	2,335
Inter-segment revenue	5	–	3	–	(8)	–	–
	2,241	32	55	15	(8)	–	2,335
Segment results	(66)	(176)	(1,654)	(9)	–	–	(1,905)
Unallocated operating expenses							–
Loss from operations							(1,905)
Share of losses of associates	–	–	–	–	–	–	(4,976)
Taxation							(395)
Minority interests							16
Net loss attributable to shareholders							(7,260)

	Asset management US$'000	Corporate finance US$'000	Corporate investment US$'000	Internet retailing US$'000	Others US$'000	Consolidated US$'000
Segment assets	1,527	142	4,437	31	2,813	8,950
Investments in associates	–	–	–	–	78,912	78,912
Total assets	1,527	142	4,437	31	81,725	87,862
Segment liabilities	110	16	1,020	5	1,519	2,670

Notes to the Consolidated Financial Statements

3. Segmented Information (Continued)

Business segments (Continued)

For the year ended 31 March 2003

	Asset management US$'000	Corporate finance US$'000	Corporate investment US$'000	Internet retailing US$'000	Consolidated US$'000
Depreciation and amortisation	76	8	–	9	93
Capital expenditure incurred	3	–	–	–	3

For the year ended 31 March 2002

	Asset management US$'000	Corporate finance US$'000	Corporate investment US$'000	Internet retailing US$'000	Inter-segment elimination US$'000	Others US$'000	Consolidated US$'000
Revenue from external customers	2,855	510	(2,454)	4,290	–	–	5,201
Inter-segment revenue	245	–	1	–	(246)	–	–
	3,100	510	(2,453)	4,290	(246)	–	5,201
Segment results	(1,857)	(149)	(7,919)	(3,619)	–	–	(13,544)
Unallocated operating expenses							–
Loss from operations							(13,544)
Share of profits of associates	–	–	–	–	–	–	16,143
Loss on deemed disposal of a subsidiary							(8)
Finance costs							(145)
Taxation							(923)
Minority interests							2,030
Net profit attributable to shareholders							3,553

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

3. Segmented Information (Continued)

Business segments (Continued)

For the year ended 31 March 2002

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

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

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

Geographical segments

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

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

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

There are no sales between the geographical segments.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

3. Segmented Information (Continued)

Geographical segments (Continued)

For the year ended 31 March 2003

	North America US$'000	Asia Pacific US$'000	Australasia US$'000	Eastern Europe US$'000	Russia US$'000	Western Europe US$'000	Others US$'000	Total US$'000
Revenue from external customers	902	1,909	102	22	9	(610)	1	2,335
Segment assets	–	8,779	–	–	–	171	–	8,950
Capital expenditure incurred during the year	–	3	–	–	–	–	–	3

For the year ended 31 March 2002

	North America US$'000	Asia Pacific US$'000	Australasia US$'000	Eastern Europe US$'000	Russia US$'000	Western Europe US$'000	Others US$'000	Total US$'000
Revenue from external customers	(485)	2,540	104	17	29	3,331	(335)	5,201
Segment assets	–	11,958	–	–	–	4,435	–	16,393
Capital expenditure incurred during the year	–	73	–	–	–	103	–	176

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

4. Staff Costs

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

The amount includes directors' remuneration.

5. Operating (Loss)/Profit

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

* Included in turnover

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

6. Loss on Deemed Disposal of a Subsidiary

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

7. Directors' and Highest Paid Individuals' Remuneration

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

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

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

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

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

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

Highest paid individuals

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

Notes to the Consolidated Financial Statements

8. Taxation

Income Statement:

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

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

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

Balance Sheet:

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

9. Net (Loss)/Profit Attributable to Shareholders

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

10. Dividends

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

11. (Loss)/Earnings Per Share

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

12. Fixed Assets

Group:

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

There are no fixed assets for the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

13. Investments in Subsidiaries

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

Other balances with subsidiaries are included within current assets and current liabilities. These balances are unsecured, interest free and repayable on demand.

Particulars of the principal subsidiaries at 31 March 2003 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid share capital	Percentage of equity interest attributable to the Company – Direct	Percentage of equity interest attributable to the Company – Indirect	Principal activities
Alphorn Management Limited	Barbados	Ordinary share of US$1	–	100%	Investment holding
AstroEast.com (Hong Kong) Limited	Hong Kong	Ordinary shares of HK$2	–	51%	Internet services
AstroEast.com Limited*	Cayman Islands	Ordinary shares of US$280,222.47	–	51%	Investment holding
Capital Nominees Limited*	British Virgin Islands	Ordinary share of US$1	–	100%	Corporate finance and structuring
Cycletek Investments Limited*	British Virgin Islands	Ordinary shares of US$490,261	–	91.7%	Investment holding
Interman Europe plc	Isle of Man	Ordinary shares of GBP436,152	100%	–	Investment holding
Interman Holdings Limited*	British Virgin Islands	Ordinary shares of US$41,500	100%	–	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

13. Investments in Subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Interman Limited	Isle of Man	Ordinary shares of GBP436,152	–	100%	Investment holding
iRegent Fund Management (Asia) Limited	Barbados	Ordinary shares of US$100	100%	–	Asset management
Regent Corporate Finance Limited* *(formerly iRegent Corporate Finance Limited)*	Cayman Islands	Ordinary shares of US$2	100%	–	Corporate finance
Regent Pacific Group (Hong Kong) Limited	Hong Kong	Ordinary shares of HK$5 million	100%	–	Provision of management services
RPG (Bahamas) Limited*	Bahamas	Ordinary shares of US$134,220	100%	–	Investment holding
Regent Financial Services Limited	Hong Kong	Ordinary shares of HK$5 million	–	100%	Marketing of unit trusts, investment holding and advisory services
Regent Fund Management Limited	Barbados	Ordinary shares of US$150,000	–	100%	Asset management
Regent Pacific Corporate Finance Limited	United Kingdom	Ordinary shares of GBP730,000	100%	–	Corporate finance

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

14. Investments in Associates

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

Particulars of the principal associates at 31 March 2003 are as follows:

Name of associate	Place of incorporation	Issued and fully paid share capital	Percentage of equity interest attributable to the Group		Principal activities
			Direct	Indirect	
Eclipse Investment Holdings Limited*	British Virgin Islands	Ordinary shares of HK$7.8 million	–	38.5%	Travel agent
Exchangebet.com Holdings Limited*	British Virgin Islands	Ordinary shares of US$20,467	49.9%	–	Online betting
Bridge Investment Holding Limited **("BIH")** *(formerly KoreaOnline Limited)*	Cayman Islands	Ordinary shares of US$4,481,268.90	40.2%	–	Investment holding

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

14. Investments in Associates (Continued)

As the value of the Group's holding in BIH is significant to the Group, further details regarding the results of BIH for the year ended 31 March 2003 and balance sheet as at 31 March 2003 are disclosed as follows:

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

14. Investments in Associates (Continued)

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

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

On 1 May 2003, (i) the Company; (ii) State of Wisconsin Investment Board **("SWIB")**; and (iii) BIH entered into a new shareholders' agreement regarding the shareholdings of SWIB and the Company in BIH (the "**BIH Shareholders' Agreement**"). Amongst other things, the Company, SWIB and BIH agreed in the BIH Shareholders' Agreement to explore ways in which to realise the investment of the Company and SWIB in BIH in the most effective and profitable manner.

As at 31 March 2003, BIH was involved in litigation with Regent Insurance Co., Ltd and BIH's former executive directors, Peter Everington and Romi Williamson, with claims amounting to KRW 5.4 billion and US$8.3 million respectively. The Directors and the legal counsel are of the view that the outcome will be favourable and the existing provisions made in BIH are adequate.

Notes to the Consolidated Financial Statements

15. Investments in Securities

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

Non-current investments:

	Group		Company	
	2003	2002	2003	2002
	US$'000	US$'000	US$'000	US$'000
Investment securities, at cost:				
Club debentures	19	19	19	19
Other investments, at fair value:				
Listed equity securities				
- in Hong Kong	548	1,152	548	1,152
- outside Hong Kong	93	410	63	266
Unlisted equity securities	3,902	5,841	54	55
	4,543	7,403	665	1,473
	4,562	7,422	684	1,492

Current investments:

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

All the above other investments are in corporate entities.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

16. Cash and Bank Balances

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

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

17. Accounts Receivable

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

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

18. Due from an Associate

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

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

Notes to the Consolidated Financial Statements

19. Bank Borrowings

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

20. Accounts Payable, Accruals and Other Payables

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

21. Share Capital

Shares

	Company	
	2003	2002
	US$'000	US$'000
Authorised:		
2,000,000,000 ordinary shares of US$0.01 each	20,000	20,000
550,000,000 (2002: 86,728,147) unclassified shares of US$0.01 each which may be issued as ordinary shares or as non-voting convertible deferred shares of US$0.01 each	5,500	867
	25,500	20,867
Issued and fully paid:		
1,100,174,288 ordinary shares of US$0.01 each	11,002	11,002
86,728,147 non-voting convertible deferred shares of US$0.01 each	867	867
	11,869	11,869

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

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

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

21. Share Capital (Continued)

Rights of the Deferred Shares

The non-voting convertible deferred shares of US$0.01 each in the capital of the Company (the "**Deferred Share(s)**") shall rank for dividends pari passu to ordinary shares of the Company from time to time in issue. Each Deferred Share shall confer on the holder thereof pari passu rights to ordinary shares on a winding up or other return of capital.

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

No application was made for the listing of the Deferred Shares on The Stock Exchange of Hong Kong Limited (the "**HK Stock Exchange**"). However, application has been made to the HK Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Holders of the Deferred Shares are entitled to receive notices of the general meetings of the Company but not to attend and vote thereat. The Deferred Shares are transferable with the prior written consent of the Directors of the Company and with prior notice to the HK Stock Exchange.

During the year ended 31 March 2003, no Deferred Shares were converted into ordinary shares (2002: Nil).

Warrants

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

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

The subscription period of the Warrants 2003 expired on 30 June 2003. Unexercised subscription rights at such date lapsed and the Warrants 2003 ceased to be valid for any purpose. On 4 July 2003, an aggregate of 25,800 new ordinary shares in the Company were issued and allotted for a total consideration of HK$72,240 (approximately US$9,260) upon exercise of the subscription rights, before its expiry, in respect of 25,800 shares attached to the Warrants 2003.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

21. Share Capital (Continued)

Share options

a. *Share Option Scheme (2002)*

A new share option scheme, named "Share Option Scheme (2002)" (the "**Share Option Scheme (2002)**"), was approved by shareholders at the 2002 Annual General Meeting. The scheme shall continue in force until the tenth anniversary of its commencement date, being 15 November 2002. Particulars of the Share Option Scheme (2002) are set out under the section headed "Share Capital and Share Options" in the report of the directors of this annual report.

b. *Employee Share Option Scheme*

Following the adoption of the Share Option Scheme (2002) referred to in paragraph (a) above, the Company's employee share option scheme (the "**Employee Share Option Scheme**"), which was approved by the shareholders on 24 July 1996 (and was deemed to have commenced on 15 July 1994), as amended on 27 May 1998, was terminated. However, its provisions remain in full force and effect to the extent necessary to give effect to the exercise of any options granted under such scheme prior to the date of such termination.

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

21. Share Capital (Continued)

Share options (Continued)

b. Employee Share Option Scheme (Continued)

As at 1 April 2002, under the Employee Share Option Scheme there were outstanding options entitling the holders to subscribe in stages in accordance with their respective vesting schedules for an aggregate of 14,100,000 (2002: 15,331,984) ordinary shares of US$0.01 each in the Company at exercise prices ranging from HK$0.16 to HK$1.40 per share, amongst which options in respect of 2,199,998 shares (15.60%) were vested. During the year ended 31 March 2003, no options were exercised (2002: Nil), cancelled (2002: Nil) or granted (2002: options in respect of 18,400,000 shares were granted). An option in respect of 500,000 shares (2002: options in respect of 19,631,984 shares) lapsed. Accordingly, as at 31 March 2003, there were outstanding options entitling the holders to subscribe in stages for an aggregate of 13,600,000 (2002: 14,100,000) ordinary shares, representing 1.24% (2002: 1.28%) of the Company's total issued voting share capital. Amongst such outstanding options, options in respect of 6,466,662 shares (47.55%) were vested. Exercise in full of such options would result in the issue of 13,600,000 additional ordinary shares for aggregate proceeds, before expenses, of approximately HK$7,184,000 (or approximately US$923,000).

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

Particulars of the options held under the Employee Share Option Scheme during the year by various participants are set out under the section headed "Share Capital and Share Options" in the report of the directors of this annual report.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

22. Reserves

	Accumulated losses US$'000	Share premium US$'000	Asset revaluation reserve US$'000	Capital redemption reserve US$'000	Foreign currency exchange reserve US$'000	Total US$'000
Group						
At 1 April 2001	(40,350)	114,263	3,735	1,204	(6,650)	72,202
Foreign currency translation adjustment	–	–	–	–	(617)	(617)
Profit for the year	3,553	–	–	–	–	3,553
At 31 March 2002	(36,797)	114,263	3,735	1,204	(7,267)	75,138
Foreign currency translation adjustment	–	–	–	–	5,479	5,479
Disposal of subsidiaries					(34)	(34)
Loss for the year	(7,260)	–	–	–	–	(7,260)
At 31 March 2003	(44,057)	114,263	3,735	1,204	(1,822)	73,323

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

22. Reserves (Continued)

	Accumulated losses US$'000	Share premium US$'000	Capital redemption reserve US$'000	Foreign currency exchange reserve US$'000	Total US$'000
Company					
At 1 April 2001	(52,081)	116,528	1,204	79	65,730
Loss for the year (note 9 above)	(2,677)	–	–	–	(2,677)
At 31 March 2002	(54,758)	116,528	1,204	79	63,053
Loss for the year (note 9 above)	(3,478)	–	–	–	(3,478)
At 31 March 2003	(58,236)	116,528	1,204	79	59,575

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

23. Employee Benefits

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

Contributions are expensed as incurred and may be reduced by contributions forfeited by those employees under Plan A who leave the schemes prior to vesting fully in the contributions. During the year, there were no forfeited contributions and the Group's contribution was US$24,000 (2002: US$34,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

24. Note to the Consolidated Cash Flow Statement

Disposal of subsidiaries

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

25. Off Balance Sheet Exposures

Derivatives

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

Notes to the Consolidated Financial Statements

25. Off Balance Sheet Exposures (Continued)

Derivatives (Continued)

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

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

Lease commitments

Group

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

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

Company

The Company has no lease commitments.

Capital commitments

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

26. Material Related Party Transactions

The following is a summary of significant related party contracts or transactions of the Group during the year. All such transactions were entered into in the ordinary course of business of the Group.

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

(1) A shareholders' agreement dated 15 May 2002 (the "**KOL Shareholders' Agreement**") was entered into between (i) the Company and (ii) State of Wisconsin Investment Board ("**SWIB**") relating to Bridge Investment Holding Limited ("**BIH**", formerly KoreaOnline Limited). The KOL Shareholders' Agreement superseded the share transfer agreement dated 15 October 1999.

On 1 May 2003, (i) the Company; (ii) SWIB; and (iii) BIH entered into a new shareholders' agreement regarding the shareholdings of SWIB and the Company in BIH (the "**BIH Shareholders' Agreement**"). The Company, SWIB and BIH have, amongst other things, agreed in the BIH Shareholders' Agreement to explore ways in which to realise the investment of the Company and SWIB in BIH in the most effective and profitable manner. The BIH Shareholders' Agreement superseded the KOL Shareholders' Agreement.

(2) Six facilities agreements dated 24 January 2002, 6 February 2002, 24 April 2002, 23 July 2002, 29 July 2002 and 1 November 2002 respectively were entered into between (i) bigsave Holdings plc ("**bigsave**"), an indirect 64.3% owned subsidiary of the Company, as borrower and (ii) Burnbrae Limited as lender, pursuant to which Burnbrae Limited agreed to advance unsecured interest-bearing loan facilities of maximum amounts of GBP80,000 (approximately US$114,000), GBP300,000 (approximately US$427,500), GBP75,000 (approximately US$106,875), GBP25,000 (approximately US$35,625), GBP75,000 (approximately US$106,875) and GBP150,000 (approximately US$213,750) respectively to bigsave.

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

26. Material Related Party Transactions (Continued)

As at the dates of the facilities agreements, Burnbrae Limited was a private company wholly-owned by a trust, of which James Mellon was the sole beneficiary. David McMahon, who resigned as a Director of the Company on 31 March 2003, and Anderson Whamond were directors of Burnbrae Limited. James Mellon was a director of bigsave. Each of Anthony Baillieu, Dominic Bokor-Ingram, who resigned as a Director of the Company on 11 March 2002, Jame Gibson, Julian Mayo, David McMahon, Jayne Sutcliffe and Anderson Whamond was interested in less than 1% of the existing issued share capital of bigsave. David McMahon resigned as a director of Burnbrae Limited on 24 January 2003, and Julian Mayo resigned as the alternate to James Mellon in the Company on 18 June 2003.

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

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

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

(4) On 9 June 2003, (i) the Company as lender and (ii) RPG (L) Ltd, an indirect wholly-owned subsidiary of BIH, as borrower, entered into a loan agreement where the Company agreed to offer to RPG (L) Ltd a loan facility of up to US$200,000 until 31 August 2003 with interest accruing at one month US dollar LIBOR plus 2% secured against 249,000 shares of Bridge Securities Co., Ltd. In addition, RPG (L) Ltd must maintain the security with a minimum coverage of at least 200% of the amount outstanding from time to time.

An amount of US$200,000 was drawn by RPG (L) Ltd prior to the date of this annual report.

27. Reclassification of Comparative Figures

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

28. Approval of Financial Statements

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