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iRegent Group Limited

(Incorporated in the Cayman Islands with limited liability)

ANNOUNCEMENT

UNAUDITED FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2001

Pursuant to paragraph 11(3) of the Listing Agreement, the Directors announce the **unaudited** 2001 Final Results of the Group in this announcement. The Group's audited 2001 Final Results will be announced on **31 August 2001**, in the absence of unforeseen circumstances, and the 2001 Annual Report will be despatched to shareholders by **5 September 2001**.

In the meantime, shareholders and public investors are urged to exercise caution in dealing in the securities of the Company.

The directors (the "Directors") of iRegent Group Limited (the "Company" and collectively with its subsidiaries the "Group") refer to the announcements dated 30 July and 23 August 2001 issued by the Company in respect of the delay in the publication of the Group's audited final results for the year ended 31 March 2001 ("2001 Final Results") and the despatch of its annual report for the year ended 31 March 2001 (the "2001 Annual Report"). Such delay was due to the fact that the audited financial statements of KoreaOnline Limited ("KOL"), a 40% owned associated company of the Company, were not completed and thus were not available to support the value at which the investment by the Company in KOL is stated in the Group's consolidated balance sheet as at 31 March 2001. The delay in the publication by the Company of its audited 2001 Final Results and despatch of the 2001 Annual Report constituted a breach of paragraphs 8(1) and 11(1) of Appendix 7b of the Rules Governing the Listing of Securities (the "Listing Agreement") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Stock Exchange reserves the right to take appropriate actions against the Company or the Directors.

In the announcement dated 23 August 2001, the Company announced that the Company received the audit report in respect of KOL's financial statements from KOL's auditors on 22 August 2001. The Directors considered that further time was necessary to incorporate the information from KOL's audited financial statements into the Group's 2001 Final Results which would then be reviewed by the Company's auditors and Audit Committee before an announcement in respect of the Group's unaudited 2001 Final Results was made pursuant to paragraph 11(3) of the Listing Agreement.

Pursuant to paragraph 11(3) of the Listing Agreement, the Directors announce the **unaudited** 2001 Final Results of the Group duly reviewed by the Company's Audit Committee, together with comparative figures for the year ended 31 March 2000, as follows:-

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	2001 US\$'000	2000 US\$'000
Turnover:	1		
Asset management, corporate finance, property management and stockbroking		7,904	22,585
Corporate investment income and realised and unrealised gains and losses		(11,301)	32,073
Internet retailing		2,653	-
		(744)	54,658
Expenses:			
Personnel costs		(6,831)	(30,358)
Marketing costs and commissions		(3,123)	(3,404)
Cost of internet goods sold		(2,780)	-
Other costs	2	(9,141)	(6,171)
	2	(22,619)	14,725
		(53,440)	32,178
Share of (losses)/profits of associated companies			
Operating (loss)/profit on core activities	2	(76,059)	46,903
Profits on sale of interests in associated companies	3	18,845	57,325
Profit/(Loss) on deemed disposal of subsidiary	4	1,926	(5,385)
Exceptional gain on discontinuance of activity in associated company	5	29,186	-
Impairment of goodwill on discontinuance of activity in associated company	6	(49,026)	-
Other impairment of goodwill	6	(23,124)	-
Operating (loss)/profit from ordinary activities		(98,252)	98,843
Finance costs - interest on bank overdraft		(358)	(462)
(Loss)/Profit before taxation		(98,610)	98,381
Taxation	7	(2,840)	(12,283)
(Loss)/Profit after taxation		(101,450)	86,098
Minority interests		3,119	(534)
Net (loss)/profit attributable to shareholders		(98,331)	85,564
Retained profits at beginning of year		63,800	17,010
Transfer to capital redemption reserve		(25)	(36)
Transfer from goodwill reserve on dividend distribution		(5,794)	-
		(40,350)	102,538
Dividends	8	-	(38,738)
Retained (loss)/profit at the end of the year		(40,350)	63,800
		US cents	US cents
(Loss)/Earnings per share			
- Basic	9	(8.50)	9.3
Dividends per share	8	-	4.2

CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

	2001 US\$'000	2000 US\$'000
Movements in exchange differences on the translation of the financial statements of entities not accounted for in United States dollars	(10,844)	1,829
Increase in revaluation reserve within associated company	3,735	-
Net (loss)/profit for the year	(98,331)	85,564
Total recognised gains and losses	(105,440)	87,393
Movement on goodwill taken directly to/(from) reserves	20,099	(37,739)
	(85,341)	49,654

Notes:-

1 Turnover

Turnover 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
Financial business:								
Asset management	-	5,461	488	425	484	233	77	7,168
Corporate finance	-	56	-	200	1	16	-	273
Corporate investment	146	(6,043)	9	(803)	(1,603)	(3,033)	26	(11,301)
Stockbroking	-	-	-	-	-	-	-	-
Non-financial business:								
Property management	-	-	-	463	-	-	-	463
Internet retailing	-	71	-	-	-	2,582	-	2,653
	146	(455)	497	285	(1,118)	(202)	103	(744)

Contribution 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
Financial business:								
Asset management	-	3,270	288	250	285	281	93	4,467
Corporate finance	-	(152)	-	(538)	(2)	(42)	-	(734)
Corporate investment	162	(6,689)	10	(888)	(1,775)	(3,357)	28	(12,509)
Stockbroking	-	-	-	-	-	-	-	-
Non-financial business:								
Property management	-	-	-	215	-	-	-	215
Internet retailing	-	(221)	-	-	-	(8,047)	-	(8,268)
	162	(3,792)	298	(961)	(1,492)	(11,165)	121	(16,829)

Turnover for the year ended 31 March 2000

	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
Financial business:								
Asset management	1,744	7,429	411	6,387	1,641	503	-	18,115
Corporate finance	-	2,092	-	338	2	250	-	2,682
Corporate investment	4,506	(6,587)	(427)	26,658	14,945	(5,911)	(1,111)	32,073
Stockbroking	-	-	-	-	1,257	-	-	1,257
Non-financial business:								
Property management	-	-	-	531	-	-	-	531
Internet retailing	-	-	-	-	-	-	-	-
	6,250	2,934	(16)	33,914	17,845	(5,158)	(1,111)	54,658

Contribution for the year ended 31 March 2000

	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
Financial business:								
Asset management	475	2,021	112	1,737	446	136	1	4,928
Corporate finance	-	312	-	50	-	37	-	399
Corporate investment	3,347	(8,373)	(538)	19,806	11,104	(7,799)	(1,397)	16,150
Stockbroking	-	-	-	-	(1,532)	-	-	(1,532)
Non-financial business:								
Property management	-	-	-	(104)	-	-	-	(104)
Internet retailing	-	-	-	-	-	-	-	-
	3,822	(6,040)	(426)	21,489	10,018	(7,626)	(1,396)	19,841

2 Operating (loss)/profit on core activities

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

	2001 US\$'000	2000 US\$'000
After charging:		
Amortisation	640	-
Depreciation	499	578
Auditors' remuneration	230	315
Operating lease rental on property	706	1,132
Bad debts written off	377	-
Realised loss on disposal of current investments	12,493	2,853
Realised loss on disposal of other non-current financial assets	-	17
Provision for diminution in value of other financial assets	10,045	-
Unrealised loss on other non-current financial assets	657	-
Loss on disposal of fixed assets	<u>68</u>	<u>82</u>
And after crediting:		
Realised profit on disposal of other non-current financial assets	1,886	-
Unrealised profit on current investments	7,615	35,479
Unrealised profit on other non-current financial assets	-	5,793
Investment income from listed investments	46	202
Net interest income	187	1,147
Exchange gain, net	<u>448</u>	<u>11</u>

The total cost of services rendered for the year was US\$5,154,000.

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	Total US\$'000
	Previously Existing US\$'000	Acquisitions US\$'000	Disposal by Distribution 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
	<u>389</u>	<u>(941)</u>	<u>(192)</u>	<u>(744)</u>
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)
	<u>(7,240)</u>	<u>(12,750)</u>	<u>(2,629)</u>	<u>(22,619)</u>

There is no breakdown of the results for the previous period, as there were no material acquisitions or disposals of subsidiaries.

3 Profits on sale of interests in associated companies

The net consolidated profits on sales of interests in associated companies relate to:-

- 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 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 the financial year.
- 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.
- 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.

4 Profit on deemed disposal of subsidiary

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

5 Exceptional gain on discontinuance of activity in associated company

Regent Insurance Co Ltd, a subsidiary of KOL, had an overall deficit in shareholders' funds. The exceptional gain related to the reduction of the deficit on the discontinuance of its business.

6 Impairment of goodwill

- Goodwill of US\$38,632,000 previously eliminated against reserves relating to the investment in KOL, an associated company, has been accounted for within the profit and loss account on the basis that the Directors consider its value has been impaired consequent on significant losses and the restructuring of that company. Of this amount, US\$49,026,000 has 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 3a). The credit balance of US\$15,567,000 has been written off separately.
- 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 has now been accounted for within the profit and loss account on the basis that the Directors consider its value has been impaired consequent on restructuring within bigsave Holdings plc, the major asset of Interman Holdings Limited.
- Net goodwill of US\$2,203,000 arising as a result of a number of other acquisitions has been charged to the profit and loss account directly. Of this amount US\$479,000 had previously been shown in published figures as being eliminated against reserves.

	2001 US\$'000	2000 US\$'000
Goodwill taken to reserves:		
Balance at 1 April 2000	25,893	(11,846)
Net goodwill arising on acquisitions	57,224	37,739
Transfer from goodwill reserve on dividend distribution	(5,794)	-
Balance at 31 March 2001	<u>77,323</u>	<u>25,893</u>
Charged to profit and loss account:		
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	<u>-</u>	<u>25,893</u>

7 Taxation

Profit and Loss Account:

	2001 US\$'000	2000 US\$'000
Group:		
Hong Kong profits tax for the year	-	-
Overseas taxation:		
Group subsidiaries	1,291	1,314
Share of tax of associated companies	1,549	11,233
Deferred taxation	-	(264)
	<u>2,840</u>	<u>12,283</u>

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

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 Directors have deemed it appropriate to make further general provisions of US\$1.25 million against the possibility that further tax may become payable. The Company and its subsidiaries do not accept the existence of any liability in relation to this matter and will strongly contest any assessments made.

Balance Sheet:

	2001 US\$'000	2000 US\$'000
Group:		
Overseas taxation - non-current	<u>2,500</u>	<u>-</u>
Overseas taxation - current	<u>-</u>	<u>1,547</u>

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 associated companies is not shown in the consolidated balance sheet.

8 Dividends and dividends per share

	2001 US\$'000	2000 US\$'000
First interim dividend (2000: US1.0296 cents)	-	9,466
Second interim dividend (2000: US1.541 cents or a share in Regent Europe Limited)	-	23,325
Third interim dividend (2000: US0.5 cents)	-	5,947
	<u>-</u>	<u>38,738</u>

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.

9 (Loss)/Earnings per share

The calculation of loss/earnings per share is based on the net loss attributable to shareholders for the year of US\$98,331,000 (2000: profit of US\$85,564,000) and the weighted average number of shares of 1,156,543,357 shares (2000: 917,059,287 shares) in issue during the year.

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

REVIEW AND PROSPECTS**Highlights:**

- The results for the full year show that there was an improvement between the first and the second halves and net assets per share have risen over the second half;
- The Group is now much more focused as a private equity style investor and investment manager;
- Prudentially all goodwill has been taken through the profit and loss account, meaning that assets are conservatively valued and will be unaffected by future changes to accounting standards. The goodwill write-off is the principal factor behind the losses of the Group;
- The outlook for the current year looks significantly more positive; and
- Liquidity in the investee companies of KoreaOnline Limited is significant, amounting to US\$175 million in cash and liquid securities giving scope to look at future acquisitions in a depressed market.

The year to 31 March 2001 was not an easy one. In several areas of our business, market trends and individual circumstances conspired to create an environment in which making profits for our shareholders proved difficult.

As indicated in the interim report, the completion of the acquisition of Interman Holdings Limited, the divestment of the bulk of the Group's stake in its European operations and the reorganisation of KoreaOnline Limited mean that the results are not comparable to the past. More details of the changes can be seen in the Management's Discussion and Analysis section. However, a loss of US\$98 million attributable to shareholders (2000: profit of US\$86 million) has resulted. This loss is largely due to writing off goodwill of US\$77 million through the profit and loss account which had previously been charged directly to reserves. US\$53 million of the loss relates to technology related investments, in particular bigsave Holdings plc, which has been reorganised and is now operating close to breakeven. US\$38 million of the loss relates to KoreaOnline Limited, which has been substantially reorganised since the balance sheet date and whose underlying businesses are now stable. It is worthy of mention that despite the losses recorded for the year as a whole the value of shareholders' equity has risen from US\$79.8 million to US\$84.1 million between 30 September 2000 and 31 March 2001 on an unchanged number of shares outstanding indicating the substantial underlying improvement in the second half of the year.

Although the detail of the figures is, of necessity, contained in the annual report, the following short summary may assist in interpretation of the results. The main elements of the net loss attributable to shareholders, including the write-off of goodwill, are as follows:-

	US\$m
Share of losses connected with Korean investments, mostly goodwill	38.7
Share of losses connected with technology related investments, including bigsave Holdings plc, mostly goodwill	52.8
Other operating losses	6.8
Total losses attributable to shareholders	<u>98.3</u>

In terms of the consolidated balance sheet, the main elements consist of:-

	US\$m
Stake in Korean investments	63.3
Value of technology related assets, including bigsave Holdings plc	10.6
Other net assets	10.2
	<hr/>
Shareholders' equity	<u>84.1</u>

It should be remembered that all goodwill has now been fully written off and the Directors have made what they believe to be fair provisions in relation to other carrying values. However, these figures must be read in conjunction with the full details of the annual report.

The Directors of the Company have decided not to declare a dividend for the year. However, Charlemagne Capital Limited (formerly Regent Europe Limited), part of the Group until distributed by in specie dividend in June 2000, has paid a dividend to those shareholders who accepted the in specie distribution rather than the cash alternative.

The Group has now eliminated all avoidable costs and has focused its operations to take advantage of opportunities particularly in private equity management. Whilst it is true that the economic numbers out of the United States continue to get worse, with obvious implications for the rest of the world, as a hedge fund manager with a good track record, we are in a strong position. In addition, the Directors believe that we are in a golden age of invention and that recessions do not last for ever. Specifically the Directors believe that certain well chosen tech stocks do represent good value and, in fact, the portfolio of Interman Holdings Limited has performed in a relative sense, extremely well. Detailed reports on the main business areas of the Group, authored by those who are responsible for them in the management structure, are contained in the annual report. It is certainly the case that good prospects for the future remain in place in most of our business areas.

On a personal note, the Chairman thanks David Paterson, particularly, for his valuable contribution and advice at a difficult time.

The Chairman welcomes Anthony Baillieu and Errol Williams as valued non-executive board members. He also welcomes to the board long standing employees Julian Mayo and Daniel Chan. Daniel joins the board as Finance Director.

The Group remains active in its chosen sectors of activity. One cannot discount the setbacks in Korea or in e-commerce generally but a good base has been retained within the Group which will enable the Group to move forward by building upon several initiatives already underway. The Directors strongly committed to restoring profitably to the Group and the Directors expect that they will achieve this in the current financial year.

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

Revenue and profits

The Group recorded a loss attributable to shareholders of US\$98 million (2000: profit US\$86 million) in the year to 31 March 2001. Detailed analysis of these figures can be seen in the audited consolidated profit and loss account. As indicated in the Review and Prospects section, these figures are not strictly comparable as the nature of the Group has changed considerably in the intervening period. Most notably the Group has (1) distributed through a dividend to shareholders 80% of its holding in the Eastern European business of Regent Europe Limited and sold the remaining 20% for cancellation on 30 March 2001, (2) acquired the whole of Interman Holdings Limited, including the 65% owned subsidiary bigsave Holdings plc, and (3) through the Korean associate, KoreaOnline Limited, seen the effect of the acquisition of a number of business interests, notably in merchant banking and insurance, which it did not have throughout the whole of the comparative period. KOL also acquired control of Ileun Securities Co Ltd during the year.

39% of the loss is related to activities in Korea through KOL, which is responsible for US\$38.7 million in post tax losses inclusive of goodwill impairment of US\$32.9 million. There were a number of reasons for this loss including the impact of inherited book of high loss ratio business and restructuring costs within Regent Insurance Co Ltd, additional costs of developing an e-commerce platform for the Korean operations and the effect of structural problems within the Korean economy generally which led to depressed operating conditions for financial services. Additionally, KOL suffered significant losses due to exposures from loans obtained by deception within its associate, Regent Merchant Bank and subsidiary, Regent Securities Co Ltd. Subsequent to the year end, Regent Merchant Bank was merged with Tong Yang Investment Bank and the businesses involved in insurance and asset management ceased to operate with appropriate provision being made for their closure. During the corresponding period last year the Group recorded profits both from its stake in the local operating businesses, now part of KOL, and from the profitable disposal of part of its stake in the businesses when KOL was created.

Additionally the Group has recorded losses of approximately US\$39.6 million, inclusive of goodwill impairment of US\$36.5 million, net of minority interests, from ownership of its internet retailing subsidiary bigsave Holdings plc. Ownership of this entity commenced in May 2000 and, whilst modest initial operating losses were anticipated at the time of purchase, the environment for e-commerce has worsened significantly. This has necessitated a change of strategy and the management of this subsidiary have decided to restructure its operation leading to the closure of several of its operations. The closure costs are fully provided within these losses.

Other activities of the Group including asset management, particularly in private equity, and the holding of stakes in technology related enterprises produced a loss after taxation of US\$20 million. This includes prudent provisioning on a portfolio basis in the expectation that certain of the technology stakes will be the source of a loss to the Group in due course.

Costs

The Group has always taken care to keep its operational costs as low as possible, conducive with efficient operations. At the end of the period under review the number of employees involved with wholly owned core business amounted to 23. The group of bigsave Holdings plc, whose results are consolidated, employed 37. A bonus scheme is operated for the core staff based on a percentage of profits earned. No provision for bonuses has been made for the year.

Taxation

Although the losses incurred in the current year mean that taxation provisions are not required, certain enquiries lead the Directors to believe that it is prudent to provide against tax on profits of previous years. Although the Group denies any liability, a provision has been made as disclosed in note 7 for tax liabilities which may arise in future in respect of past profits.

Goodwill

As disclosed in note 6, the Group has decided that the changes to the structure of the KOL group, in particular as they relate to Regent Insurance Co Ltd, necessitated the formal write off of goodwill attributed to this associate. Accordingly US\$49 million has been written off through the profit and loss account and has been offset against the exceptional gain arising as a result of the discontinuance of this business within KOL. The goodwill involved had previously been fully offset directly against reserves and, as a result, this action has no net effect on shareholders' funds.

Additionally, due to the restructuring within bigsave Holdings plc, the major asset of Interman Holdings Limited when it was acquired in May 2000, the Group has also decided to write off all attributable goodwill in a similar manner. Accordingly US\$36 million has been written off through the profit and loss account. As with the KOL goodwill, the amount involved had previously been fully offset directly against reserves and, as a result, this action has no net effect on shareholders' funds. In this case, shareholders should also note that the consideration for the acquisition was met wholly by the issue of new shares at a premium.

As the remaining goodwill in relation to other assets amounted to US\$3 million, a relatively small amount by comparison, the Group has also decided to write off all remaining goodwill through the profit and loss account at the same time. Full details of movements in goodwill can be seen in note 6.

Shareholders might also care to note that the accounting treatment for future purchased goodwill requires that it be capitalised and amortised where the transaction took place after 1 April 2001. This is a result of a change in Hong Kong GAAP. The Group now as a result carries no goodwill on its balance sheet.

Balance sheet

The largest single investment of the Group is its stake in KOL which was responsible for some 75% of the total shareholders' funds at 31 March 2001 under the Group's accounting policies.

The majority of the remaining Group assets comprise 26 technology related investments managed under the branding of Interman. These are also held as part of the Group's activity of assisting in the development of e-commerce platforms.

The Group had borrowings of US\$7.5 million at the date of the balance sheet which had all been advanced to KOL to assist it in its operation as indicated in the interim report. Appropriate security is in place and repayments made to date have reduced the figure to US\$1.2 million.

Changes to investments

The distribution of Regent Europe Limited (now Charlemagne Capital Limited), as an in specie alternative to a cash dividend, was completed in June 2000. The total amount of the dividend, which was accrued in last year's annual financial statements, was US\$23.3 million. The calculation of the dividend is based on the relative proportions of those shareholders who chose HK17 cents of tangible value by taking an in specie distribution and those who took HK12 cents in cash. The purchase arrangements in respect of the dividend to which certain Directors of the Company were parties, as outlined in the circular to shareholders, gave rise to a loss of US\$1.1 million which has been charged to the profit and loss account. This represents the difference between HK17 cents and HK12 cents on those shares involved. Accordingly, the total reduction in shareholders' funds was US\$24.4 million. If all shareholders had chosen the in specie alternative, the maximum amount would have been US\$25.9 million.

On 31 March 2001, the Group elected to sell the remaining stake in Regent Europe Limited back to that company for cancellation at a price slightly above the carrying value. This realised a net cash inflow of US\$3.45 million for the Group, representing the aggregate purchase consideration at US\$6.3 million and the deduction of (i) an amount of US\$2.1 million being the total estimated debt due and owing from the Company to Regent Europe Limited as at 31 January 2001 and (ii) an amount of US\$750,000 due and owing from the Company to Regent Europe Limited arising from the retention by a custodian of cash due to Regent Europe Limited for the purpose of reducing borrowings of the Company.

The acquisition of Interman Holdings Limited in May 2000 brought a broadly based portfolio of technology ventures within the ownership of the Group. Allowing for changes to the purchase consideration for accounting purposes based on a revised share price for the Group, the overall value of the purchase was US\$45.5 million of which US\$36.5 million had been transferred to goodwill reserves. In view of the general climate relating to such ventures and the provisions made by the Group, the Directors have decided to write off the goodwill through the profit and loss account.

On 19 March 2001, the Group sold Dynamic Value Group Limited, a wholly owned subsidiary of Interman Holdings Limited, to AstroEast.com Limited, an associated company, in exchange for new shares. In conjunction with shares purchased for cash in an underwritten rights issue of AstroEast.com Limited this company became a subsidiary (51% owned) on that date. Goodwill of US\$1.5 million resulted from this transaction which has been written off through the profit and loss account.

Future funding

As at 31 March 2001, the Group had borrowings of US\$7.5 million on an overdraft facility which had been used to provide working capital to KOL. The loan is secured by an assignment of the debt due to the Group by virtue of loan made by the Group to KoreaOnline (Labuan) Limited, a wholly-owned subsidiary of KOL, 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. This has subsequently been reduced to US\$1.2 million. It is anticipated that all borrowings will be repaid by 31 August 2001.

KOL has subsidiaries which borrow on a secured and unsecured basis from time to time. At 31 March 2001, total borrowings in KOL's consolidated balance sheet were US\$1.5 million.

It is possible that businesses which are either subsidiaries or associates of the Group may require funding as their businesses are developed. It is expected that the bulk of such funding will be obtained from external sources but, dependent upon amount and duration, it may be that funding will be made available by the Group from its internal resources or bank borrowings.

Management of risks

The change in the nature of the Group's activities mean that its primary risk is linked to the operations and market exposures of its subsidiaries and associates. In KOL's case the exposure is to the Korean economy, its currency and its credit and equity markets. The responsibility for management of these risks rest with KOL management. The Company will monitor its exposure through working closely with KOL management.

Through investments of Interman Holdings Limited in technology related ventures, the Group is exposed to the technology sector. The viability of the business model of these companies and the ability to control their operating cash requirements are key to their development and hence the value of the Group's investment in them. The Group's specialist investment managers closely monitor the operations and performance of these companies.

The Group has not taken any currency hedge against the investments in Korea and through Interman Holdings Limited. This is because it has taken a long term view and a hedge against such positions would not be cost effective.

In general terms, the Group will operate both equity market and currency hedges from time to time partly for hedging purposes and partly on a speculative basis. Speculative investment is carefully controlled, in accordance with parameters set by the Board, in short term situations where physical assets may be inappropriate. There is strict segregation between the investment management and settlement functions.

In the course of the Group's normal operations, margin deposits of varying amounts of cash, are held by the Group's brokers. As at 31 March 2001, the amount of these margin deposits was US\$6,000 (31 March 2000: US\$771,000).

In terms of the total operations of the Group, activities of this nature are of limited materiality.

AUDITED 2001 FINAL RESULTS AND 2001 ANNUAL REPORT

The Group's audited 2001 Final Results will be announced on 31 August 2001, in the absence of unforeseen circumstances, and the 2001 Annual Report will be despatched to shareholders by 5 September 2001.

GENERAL

The Directors have not dealt in the securities of the Company during the month preceding 30 July 2001 and they have undertaken not to deal in the securities of the Company until the Group's audited 2001 Final Results have been published.

In the meantime, shareholders and public investors are urged to exercise caution in dealing in the securities of the Company.

On behalf of the Board of
iRegent Group Limited

James Mellon
Chairman

Hong Kong, 30 August 2001