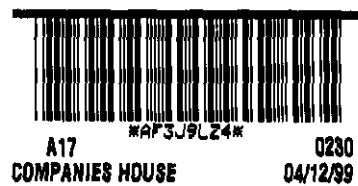


**Regent Fund Management
(UK) Ltd**

Directors' report and financial statements

For the year ended 31 March 1999

Number 3017258



Regent Fund Management (UK) Ltd

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Regent Fund Management (UK) Ltd

Company information

Directors

D Bokor-Ingram

Sir J Mellon

S Shaw

(resigned 27 January 1999)

A P Visser

C Kingsnorth

(Chief Executive)

(resigned 22 January 1999)

D McMahon

(appointed 6 April 1998)

Secretary

D McMahon

(appointed 6 April 1998)

Auditors

KPMG

Heritage Court

41 Athol Street

Douglas

Isle of Man

IM99 1HN

Solicitors

Stephenson Harwood

One, St Paul's Churchyard

London

EC4M 8SH

Registered office

39 St James's Street

London

SW1A 1JQ

Regent Fund Management (UK) Ltd

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 March 1999.

Principal activity

The principal activity of the Company is that of the provision of investment management services.

Review of business

In the prior year, the company signed a subinvestment management agreement with Regent Fund Management (IOM) Limited, a company under common ultimate control, whereby the majority of clients under management were transferred to the control of that company. Since this date the activity of the company has been minimal.

Results

The profit before taxation for the year ended 31 March 1999 amounted to £87,516 (1998: loss £220,415). After taxation of £27,130 (1998: £Nil), £60,386 is transferred to reserves (1998: £220,415 transferred from reserves).

Dividend

The Directors do not propose the payment of a dividend (1998: £Nil).

Events since the balance sheet date

There have been no significant events since the balance sheet date.

Directors and their interests

The Directors who served during the year are shown on page 1.

At 31 March 1999, the Directors have no interest in the share capital of the Company.

The Directors at 31 March 1999 and their interests in the share capital of the parent company were as follows:

	Personal interest	Other interest	Share options	Option price HK\$	Total interest
D Bokor-Ingram	1,965,000	-	1,800,000	1.00	
	-	-	750,000	2.15	
	-	-	1,000,000	3.00	5,515,000
Sir J Mellon	3,600,000	-	683,330	1.00	4,283,330
A P Visser	550,000	-	-	-	550,000
D McMahon	-	-	750,000	2.15	750,000

Regent Fund Management (UK) Ltd

Directors' report (continued)

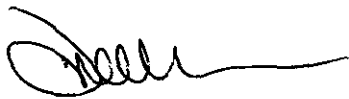
Note

The share options are exercisable at various dates between 1 January 1997 and 20 July 2003. During the year ended 31 March 1999, no options have been exercised.

Auditors

The Auditors, KPMG, being eligible, have expressed their willingness to continue in office in accordance with Section 384 of the Companies Act 1985.

By order of the Board



Director

Regent Fund Management (UK) Ltd

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Heritage Court
41 Athol Street
Douglas
Isle of Man
IM99 1HN

Report of the Auditors to the members of Regent Fund Management (UK) Ltd

We have audited the financial statements on pages 6 to 14.

Respective responsibilities of Directors and Auditors

As described on page 4 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 March 1999 and of the profit of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

12 July 1999

Chartered Accountants
Registered auditors

Regent Fund Management (UK) Ltd

Profit and loss account

for the year ended 31 March 1999

	Notes	1999 £	1998 £
Turnover	2	256,328	1,315,578
Operating costs		(210,936)	(1,392,800)
Income from investments		21,868	(114,721)
Operating profit/(loss)	3	67,260	(191,943)
Loss on disposal of fixed assets		(5,736)	(81,942)
Interest receivable and similar income		25,992	53,879
Interest payable and similar charges		-	(409)
Profit/(loss) on ordinary activities before taxation		87,516	(220,415)
Taxation	6	(27,130)	-
Profit/(loss) on ordinary activities after taxation		60,386	(220,415)
Retained profit brought forward		522,844	743,259
Retained profit carried forward		583,230	522,844

All activities are considered to be continuing.

In both the current and preceding financial years, there were no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 9 to 14 form part of these financial statements.

Regent Fund Management (UK) Ltd

Note of historical cost profit or loss for the year ended 31 March 1999

	1999 £	1998 £
Reported profit/(loss) for the year before taxation	87,516	(220,415)
Unrealised loss on investments	4,712	101,979
Exchange loss on investments	2,862	32,845
	<hr/>	<hr/>
Historical cost profit/(loss) before taxation	95,090	(85,591)
	<hr/>	<hr/>
Historical cost profit/(loss) after taxation	67,960	(85,591)
	<hr/>	<hr/>

Regent Fund Management (UK) Ltd

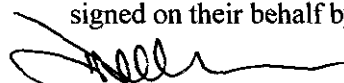
Balance sheet

as at 31 March 1999

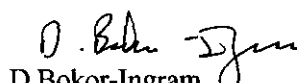
	Notes	£	1999 £	1998 £
Fixed assets				
Tangible assets	7		-	5,736
Current assets				
Debtors	8	1,205,345	1,247,449	
Investments	9	40,069	47,643	
Cash at bank and in hand		452,943	717,624	
		<u>1,698,357</u>	<u>2,012,716</u>	
Creditors: amounts falling due within one year	10	<u>(115,127)</u>	<u>(495,608)</u>	
Net current assets			<u>1,583,230</u>	<u>1,517,108</u>
Net assets			<u><u>1,583,230</u></u>	<u><u>1,522,844</u></u>
Capital and reserves				
Called up share capital	11, 12		100	100
Share premium account	12		999,900	999,900
Profit and loss account	12		583,230	522,844
Equity shareholders' funds			<u><u>1,583,230</u></u>	<u><u>1,522,844</u></u>

The notes on pages 9 to 14 form part of the financial statements.

These financial statements were approved by the board of Directors on 22 June 1999 and were signed on their behalf by:



D McMahon
Director



D Bokor-Ingram
Director

Regent Fund Management (UK) Ltd

Notes

(forming part of the financial statements for the year ended 31 March 1999)

1 Accounting policies

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards modified by the revaluation of current asset investments.

Turnover

Turnover comprises investment management fees and advisory fees. All fees are on an accruals basis.

Depreciation

Tangible fixed assets are written off on a straight line basis over their estimated useful lives as follows:

Computer/office equipment	5 years
---------------------------	---------

Foreign currencies

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Investments

Investments are stated at market value at the balance sheet date and the difference between cost and market value is taken to the profit and loss account. This treatment is a departure from UK historical cost accounting rules which stipulate that unrealised profits be credited to a revaluation reserve.

Investment income

Investment income is shown after deducting directly related investment expenses. Dividends receivable are accounted for on an ex-dividend basis and include associated tax credits.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax except to the extent that, in the opinion of the Directors, a liability is not expected to arise in the foreseeable future.

Regent Fund Management (UK) Ltd

Notes (continued)

(forming part of the financial statements for the year ended 31 March 1999)

2 Turnover

Turnover which is stated net of value added tax, represents the value of services relating to the management of investment funds.

	1999 £	1998 £
Total management and performance fees	414,062	1,355,269
Investment advisory fees paid	(157,734)	(39,691)
	<u>256,328</u>	<u>1,315,578</u>

3 Operating (loss)/profit

This is stated after charging/(crediting):

	1999 £	1998 £
Foreign exchange gain	(21,868)	(28,579)
Staff costs	-	729,755
Depreciation	-	14,157
Operating lease rentals - land and buildings	-	8,160
- office equipment	-	616
Auditors' remuneration - audit services	28,430	26,607
- non audit services	4,000	87,969
Loss on disposal of fixed assets	5,736	81,942
	<u></u>	<u></u>

4 Directors' remuneration

	1999 £	1998 £
Aggregate amount of Directors' emoluments	95,256	451,395
Pension contributions to money purchase scheme	(4,844)	9,578
	<u>90,412</u>	<u>460,973</u>
Amount paid to third parties in respect of Directors' services	<u>Nil</u>	<u>Nil</u>

The aggregate emoluments of the highest paid Director were £95,256 (1998: £253,503).

Regent Fund Management (UK) Ltd

Notes (continued)

(forming part of the financial statements for the year ended 31 March 1999)

5	Staff costs	1999 £	1998 £
	Wages and salaries	-	649,401
	Social security costs	-	51,799
	Other pension costs	-	28,555
		<u>-</u>	<u>729,755</u>
		<u>-</u>	<u>729,755</u>
	The average weekly number of employees during the year was	<u>1</u>	<u>6</u>
6	Taxation	1999 £	1998 £
	UK corporation tax at 31%	<u>27,130</u>	<u>-</u>

Regent Fund Management (UK) Ltd

Notes (continued)

(forming part of the financial statements for the year ended 31 March 1999)

7 Tangible fixed assets

	Office equipment £	Total £
<i>Cost</i>		
At 1 April 1998	5,736	5,736
Disposals	(5,736)	(5,736)
At 31 March 1999	-	-
<i>Depreciation</i>		
At 1 April 1998	-	-
Disposals	-	-
At 31 March 1999	-	-
<i>Net book value</i>		
At 31 March 1999	-	-
At 31 March 1998	5,736	5,736

8 Debtors

	1999 £	1998 £
Trade debtors	32,486	63,543
Other debtors	916	2,078
Prepayments and accrued income	2,310	2,181
Amounts owed by parent and fellow subsidiary undertakings	1,169,633	1,179,647
	1,205,345	1,247,449

The amounts owed by parent and fellow subsidiary undertakings are unsecured, interest free and repayable on demand.

9 Investments

	1999 £	1998 £
Market value		
Opening balance	47,643	338,920
Disposals	-	(156,453)
	47,643	182,467
Revaluation mark-to-market: unrealised loss	(4,712)	(101,979)
Exchange loss	(2,862)	(32,845)
Closing balance	40,069	47,643

The historical cost of investments as at the year end was £148,359.

Regent Fund Management (UK) Ltd

Notes (continued)

(forming part of the financial statements for the year ended 31 March 1999)

9 Investments (continued)

	1999 £	1998 £
<i>Investments comprise:</i>		
Listed on Stock Exchange other than the London Stock Exchange	40,069	47,643

10 Creditors: amounts falling due within one year

	1999 £	1998 £
Amount payable to fellow subsidiary undertakings	30,185	242,726
Corporation tax	27,130	-
Other taxes and social security costs	3,428	-
Other creditors	24,369	81,240
Accruals	30,015	171,642
	115,127	495,608

The amounts payable to fellow subsidiary undertakings are unsecured, interest free and repayable on demand.

11 Share capital

	1999 £	1998 £
<i>Authorised</i>		
100,000 ordinary shares of £0.01 each	1,000	1,000
	1999 £	1998 £
<i>Allotted, called up and fully paid</i>		
10,000 Ordinary shares of £0.01 each	100	100

12 Reconciliation of shareholders' funds and movements on reserves

	Share capital £	Share premium account £	Profit and loss account £	Total share- holders' funds £
At 1 April 1998	100	999,900	522,844	1,522,844
Profit for the year	-	-	60,386	60,386
At 31 March 1999	100	999,900	583,230	1,583,230

Regent Fund Management (UK) Ltd

Notes (continued)

(forming part of the financial statements for the year ended 31 March 1999)

13 Statement of cashflows

Under FRS 1 (Revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

14 Subsidiary undertakings

The Company holds the sole founder ordinary share (nominal value USD0.01) in Regent Kingpin Acquisitions Limited ("RKAL"), a company incorporated on 9 January 1996 and registered in the Cayman Islands. RKAL was established to implement corporate acquisitions. The accounts of the subsidiary are not being consolidated with those of the company as there were no transactions and the balances are immaterial.

15 Related parties

The Company has not disclosed details of transactions with other group companies as permitted by FRS 8 - Related Party Disclosures.

16 Parent and ultimate holding company

The parent and ultimate holding company is Regent Pacific Group Limited incorporated in the Cayman Islands. The smallest and largest group in which the results of the Company are consolidated is Regent Pacific Group Limited. Copies of the group accounts of Regent Pacific Group Limited are available from regent Pacific Group Limited, 904-906 Asia Pacific Tower, 3 Garden Road, Central, Hong Kong.

17 Year 2000

The Company has examined the potential impact and extent of the Millennium problem on its business and operations. On the basis of this examination, the Directors have concluded that the principal risks and uncertainties lie with the service providers. The cost to the Company of carrying out the above examination has been minimal.