



techpacific.com Limited

(Incorporated in the Cayman Islands with limited liability)

Interim Report

For the quarter
ended 31 March 2000



Characteristics of The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Exchange")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors of techpacific.com Limited collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to techpacific.com Limited. The directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief:- (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

techpacific.com Limited (the "Company") is a leading Internet-based company operating in Asia's technology sector. The Company's focused line of business is fostering the development of, and arranging finance for, start-up and early-stage technology ventures.

For the quarter ended 31 March 2000, the Company achieved a significant growth in revenue which gave rise to a net profit after tax of US\$444,034.

Results

The Board of Directors ("Board") of the Company is pleased to announce the unaudited combined results of the Company and its subsidiaries ("Group") for the three months ended 31 March 2000 together with the comparative unaudited figures of the corresponding period in 1999 as follows:

		Three months ended 31 March	
	Notes	2000 US\$'000	1999 US\$'000
Revenue	2	1,548	-
Operating expenses		(1,097)	(37)
Profit/(loss) from operations		451	(37)
Share of losses of associated companies		(6)	-
Profit/(loss) before taxation		445	(37)
Taxation	3	-	-
Profit/(loss) after taxation		445	(37)
Minority Interest		(1)	-
Profit/ (loss) attributable to shareholders		444	(37)
Earnings / (loss) per share - Basic	5	US0.03 cents	(US\$3.95)

Notes:

1. Basis of presentation

The Company was incorporated in the Cayman Islands on 21 February 2000 and its shares were listed on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited on 17 April 2000.

The principal accounting policies adopted in preparing the unaudited combined results conform with International Accounting Standards.

The original holding company of the Group was a Hong Kong incorporated company. Pursuant to a group re-organisation carried out in March 2000, the Company became the ultimate holding company of the Group. The unaudited combined results of the Group include the results of the companies comprising the Group as if the current structure of the Group had been in existence throughout the periods covered by this announcement or since their respective dates of incorporation where this is a shorter period.

All significant intra-group transactions and balances have been eliminated in preparing the combined financial statements.

2. Revenue includes cash fees and interest income.

3. No income tax has been provided for in both periods as neither the Group nor any of its associated companies derived any profit which is subject to income tax.

4. Movement in reserve

	US\$'000
Investment revaluation reserve as at 1 January 2000	-
Decrease in fair value of a listed investment	<u>(124)</u>
Investment revaluation reserve as at 31 March 2000	<u><u>(124)</u></u>

5. Earnings / (loss) per share

The calculation of the basic earnings per share is based on the profit attributable to shareholders of US\$444,034 (1999: loss of US\$36,690) and the weighted average number of shares of 1,374,224,321 (1999: 9,294) calculated based on the shares issued by Group companies during the period, adjusted to equivalent ordinary shares of the Company, assuming that the re-organisation preceding the Share Offer referred to above had been completed throughout the three months ended 31 March 2000 and the corresponding period ended 31 March 1999.

There is no diluted earnings per share since the Company has no dilutive potential shares.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the quarter ended 31 March 2000 (1999: Nil).

BUSINESS REVIEW AND PROSPECTS

General

During the three months ended 31 March 2000, the Group generated a net profit of US\$ 0.44 million from a total revenue of US\$ 1.55 million (consisting of US\$ 1.49 million in placement fees from its M³ programme and corporate finance advisory fees from M³-related clients, and interest income of US\$ 0.06 million).

During the quarter under review the Group also completed 13 transactions through its M³ and incubation programmes and invested in 3 "Toolbox" companies (as disclosed in the Company's prospectus dated 5 April 2000). The Group received options to acquire an equity interest in a number of these companies. No recognition was given in the above-mentioned results to the potential value of such options, nor to any potential changes in the value of shareholdings held by the Group in unlisted companies because such values or changes in value could not be reliably measured.

For the purpose of this announcement, the comparatives represent only the operating expenses incurred in the same period in the last fiscal year as the Group was at its start-up stage and had yet to generate revenue in that period.

Outlook

Since 31 March, 2000, the Group has conducted a placement and initial public offering of its shares on the GEM, generating net proceeds of approximately US\$ 36.90 million. Together with the proceeds of previous placements and its retained earnings, the Group currently has total cash resources of approximately US\$ 50.00 million.

In March 2000, the second closing took place of the US\$ 66.00 million Nirvana Fund, which is managed by the Group and in which the Group participates with an investment of US\$ 11.00 million. Also in March, a mandate was awarded by the Hong Kong Applied Research Council to Softech Investment Management Company Limited (a 50:50 joint venture between techpacific Venture Capital Limited and Softbank China Venture Investments Limited) to manage US\$ 32.26 million (equivalent to HK\$ 250.00 million) of the Applied Research Fund. Management fees from these fund management activities will therefore start to accrue from April 2000. In addition, the Group will start to accrue a share in any capital growth within the funds from April 2000.

The volume of transactions being handled within the Group's M³ programme continues to increase rapidly. Cash fees received and equity participations by the Group as a result of completed M³ transactions are therefore also expected to increase substantially during the balance of the current year.

Fee income from corporate finance advisory services may fall as resources are devoted increasingly to the M³ and incubation programmes directly. The Group expects to realise certain of its equity participations in the latter part of 2000, the amount of which cannot be predicted at this stage.

Costs are also expected to increase substantially as the year progresses, as a result of investment in additional personnel to handle the increasing deal flow, as well as implementation of the Group's plans (outlined in its listing prospectus) to establish operating units in other important Asian markets, and the establishment of a new and larger incubation centre in Hong Kong.

The directors consider that the recent downturn in the price of publicly quoted technology stocks is likely to have a material impact on private equity market valuations. The Group and the funds under its management intend to take advantage of this situation to acquire assets at more favourable prices.

DISCLOSURE OF INTERESTS

The Company's public share offer ("Share Offer") was not completed until 17 April 2000. Accordingly, prior to 17 April 2000, the Company was not required to keep a register of interests of directors, chief executives and substantial shareholders under the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"). The disclosures set out below were made as if the Company had been listed as at 31 March 2000 and based on the shareholdings of the relevant persons immediately after the Share Offer.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 March 2000, the interests of the directors and the chief executive of the Company in the shares of the Company (the "Shares") and in the share capital of any of its associated corporation (within the meaning of the SDI Ordinance) which were required to be notified to the Company and the Exchange pursuant to section 28 of the SDI Ordinance (including interests which they were taken or deemed to have under section 31 of, or Part 1 of the Schedule to, the SDI Ordinance) or which were required, pursuant to section 29 of the SDI Ordinance, to be entered in the register required to be kept therein, or which were required pursuant to Rules 5.40 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Exchange were as follows:

(i) Equity interests in the Company

Name	Personal Interest	Family Interest	Corporate Interest	Other Interest
Robert John Richard Owen	106,557,606	—	—	—
Ilyas Tariq Khan (Notes 1 & 2)	79,494,076	—	513,498,147	—
Johnny Chan Kok Chung (Note 3)	207,605,852	16,097,387	—	—
Max Carrol Chapman, Jr.	18,448,931	1,635,744	—	—
Francis Yuen Tin Fan (Note 4)	—	—	929,400	—
Peter Raymond Clarke	738,000	—	—	—

Note 1: TW Indus Ltd. held 188,208,147 Shares immediately following the Share Offer. TW Indus Ltd. was beneficially wholly-owned by Ilyas Tariq Khan.

Note 2: ECK & Partners Limited held 325,290,000 Shares immediately following the Share Offer. ECK & Partners Limited was beneficially owned as to 61.43% by Ilyas Tariq Khan, as to 20% by Robert John Richard Owen, and as to 18.57% by Johnny Chan Kok Chung.

Note 3: Yuda Udomritthiruj held 16,097,387 Shares immediately following the Share Offer. Yuda Udomritthiruj is the wife of Johnny Chan and, accordingly, for the purposes of the SDI Ordinance, her Shares are included in the shareholdings of Johnny Chan Kok Chung.

Note 4: Latlink Investments Limited held 929,400 Shares immediately following the Share Offer. Latlink Investments Limited was beneficially owned as to 50% by Francis Yuen Tin Fan and as to the remaining 50% by his wife.

(ii) Directors' right to acquire shares in the Company

Pursuant to the pre-IPO employee share option plan and the post-IPO employee share option scheme of the Company, certain directors have interests in options to subscribe for shares in the Company as set out below. The options vest over a period of three years commencing on the first anniversary of the Effective Date.

	Effective Date	Option Shares	Subscription Price
Robert John Richard Owen	3 Jan 2000	14,252,349	US\$0.0251
	23 Mar 2000	5,111,700	US\$0.0610
	17 Apr 2000	464,700	HK\$1.05
Ilyas Tariq Khan	3 Jan 2000	4,061,478	US\$0.0251
	23 Mar 2000	15,102,750	US\$0.0610
	17 Apr 2000	2,788,200	HK\$1.05
Johnny Chan Kok Chung	3 Jan 2000 ^{Note 1}	45,777,597	US\$0.0251
	23 Mar 2000 ^{Note 2}	20,214,450	US\$0.0610
	17 Apr 2000 ^{Note 3}	15,335,100	HK\$1.05
Max Carrol Chapman	23 Mar 2000	2,323,500	US\$0.0610
	23 Mar 2000	2,323,500	HK\$1.05
Francis Yuen Tin Fan	23 Mar 2000	4,647,000	HK\$1.05
Peter Raymond Clarke	23 Mar 2000	4,647,400	HK\$1.05

Note 1: Including 2,323,500 options at a subscription price of US\$0.0251 in which Yuda Udomritthiruj was interested. Yuda Udomritthiruj is the wife of Johnny Chan Kok Chung and, accordingly, for the purposes of the SDI Ordinance, her options are included in the options held by Johnny Chan Kok Chung.

Note 2: Including 1,394,100 options at a subscription price of US\$0.0610 in which Yuda Udomritthiruj was interested.

Note 3: Including 929,400 options at a subscription price of HK\$1.05 in which Yuda Udomritthiruj was interested.

Note 4: None of the above outstanding options was exercised during the period under review.

(iii) Interests in techpacific.com Company Limited, a subsidiary of the Company

Name	Personal Interest	Family Interest	Corporate Interest	Other Interest
Robert John Richard Owen	3,000	—	—	—
Ilyas Tariq Khan (Notes)	1	—	110,001	—
Johnny Chan Kok	30,000	—	—	—

Note 1: TW Indus Ltd. held 110,001 shares in techpacific.com Company Limited. TW Indus Ltd was beneficially wholly-owned by Ilyas Tariq Khan.

SUBSTANTIAL SHAREHOLDERS

So far as the directors are aware, as at 31 March 2000, the holders of 10% or more of Shares of the Company were as follows:

Name	Number or approximate attributable number of Shares	Approximate percentage or approximate attributable percentage holding of Shares in issue immediately following the Share Offer (%)
Ilyas Tariq Khan (Note 1)	592,992,223	24.63
ECK & Partners Limited (Note 2)	325,290,000	13.56
tekbank.com Limited	302,055,000	12.59

Note 1: The interest of Ilyas Tariq Khan included 188,208,147 Shares held by TW Indus Ltd. which was beneficially wholly-owned by him and 325,290,000 Shares held by ECK & Partners Limited which was beneficially owned as to 61.43% by him.

Note 2: ECK & Partners Limited held a direct interest in 325,290,000 Shares. Ilyas Tariq Khan was beneficially interested in 61.43% of the share capital of ECK & Partners Limited and, therefore, Ilyas Tariq Khan was also interested in these 325,290,000 Shares which were duplicated within the 592,992,223 Shares in which Ilyas Tariq Khan was interested.

Save as disclosed above, the directors are not aware of any other persons who were, as at 31 March 2000, interested in 10% or more of the Shares of the Company.

SPONSOR

(i) As at 31 March 2000, the interests of the Sponsor were as follows:

Name	Number or approximate attributable number of Shares	Approximate percentage or approximate attributable percentage holding of Shares in issue immediately following the Share Offer (%)
Yi Hua Assets Limited (Note)	16,380,675	0.68

Note: Yi Hua Assets Limited was beneficially owned, as to 50%, by the Sponsor and as to the remaining 50%, by Francis Leung Pak To (the Vice-Chairman and Managing Director of BNP Prime Peregrine Limited (the holding company of the Sponsor)).

In addition, employees of the Sponsor held an aggregate of 498,000 Shares, representing approximately 0.02% of the issued share capital immediately following the Share Offer.

Save as disclosed above, none of the directors, employees or associates of the sponsor held any interest in the Shares.

(ii) The Sponsor will receive a sponsor's fee of HK\$750,000 per year for acting as the Company's sponsor for the purposes of the GEM Listing Rules.

OTHER INTERESTS

The directors are not aware of any business or interest, as of 31 March 2000, of the directors, initial management shareholders of the Company or their respective associates which was required to be disclosed pursuant to Rule 11.04 of the GEM Listing Rules.

AUDIT COMMITTEE

As required by Rule 5.23 of the GEM Listing Rules, the Company established an audit committee on 31 March 2000 with written terms of reference in compliance with Rules 5.20 and 5.25 of the GEM Listing Rules which deal clearly with its authority and duties. The audit committee members comprise Peter Raymond Clarke, Francis Yuen Tin Fan and Robert John Richard Owen. Its principal duties are to review and supervise the Company's financial reporting process and internal control systems.

YEAR 2000 COMPLIANCE

The Group does not have computer systems that are not Year 2000 compatible. In addition, the directors, based on information provided by its external suppliers and service providers, do not believe that Year 2000 compliance issues (if any) relating to its suppliers and service providers will have any material adverse effect on the Group's operations. As of the date of this report, the Group has not experienced any disruptions to its operations resulting from Year 2000 issues.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board
Robert John Richard Owen
Chairman

Hong Kong, 15 May 2000