



techpacific.com Limited

(incorporated in the Cayman Islands with limited liability)

Quarterly Report

For the nine months
ended 30th September, 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 full 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.

About techpacific.com limited

techpacific.com Limited (the “Company” and together with its subsidiaries, the “Group”) is a leading technology operating company whose focused line of business is finding, financing and building technology ventures in Asia.

The Company operates four distinct but highly complementary business divisions:–

- techpacific.com Corporate Finance sources private equity finance for technology start-up and early stage businesses in Asia by means of a proprietary private equity exchange. techpacific.com Corporate Finance also provides m&a, restructuring and corporate finance advisory services to technology businesses in Asia.
- techpacific.com Venture Capital manages US\$98 million of venture capital funds for investment in start up and early stage ventures in Asia. The US\$98 million under management includes US\$32 million managed jointly with Softbank on behalf of the Hong Kong SAR government’s Applied Research Fund.
- tp Labs, techpacific.com’s incubation and business acceleration division, provides technology and other value added services, and invests the Group’s capital in Asian start up technology ventures. tp Labs operates a 21,000 square feet custom-designed incubation center offering start ups in Asia a state-of-the-art business environment complete with technology and business partnerships and entrepreneurial management resources to accelerate start ups to first round funding and assist in their further business development.
- tp Factory, the Company’s technology consultancy and e-services division, manages technology implementation projects through its strategic stakes in Toolbox companies as well as through partnership with leading international technology corporations to accelerate the development of the Group’s invested partners. Services include web design and development, systems integration, bandwidth and network management and complete e-implementation solutions for offline businesses.

Results

The Board of Directors ("Board") of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the nine months and three months ended 30th September, 2000, together with the comparative unaudited figures of the corresponding periods in 1999 as follows:

	Notes	Nine months ended 30th September		Three months ended 30th September	
		2000 US\$'000	1999 US\$'000	2000 US\$'000	1999 US\$'000
Revenue	2	4,979	668	1,701	311
Operating expenses		(3,902)	(493)	(1,580)	(264)
Profit from operations		1,077	175	121	47
Share of losses of associated companies		(184)	–	(19)	–
Profit before taxation		893	175	102	47
Taxation	3	(28)	–	–	–
Profit after taxation		865	175	102	47
Minority Interest		(39)	–	2	–
Profit attributable to shareholders		826	175	104	47
Earnings per share – Basic	5	US0.041 cent	US0.025 cent	US0.004 cent	US0.004 cent

Notes:

1. Basis of presentation

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

The principal accounting policies adopted in preparing the unaudited consolidated results conform to International Accounting Standards.

The original holding company of the Group was a Hong Kong incorporated company. Pursuant to a group re-organization carried out in March 2000, the Company became the ultimate holding company of the Group. The unaudited consolidated results of the Group include the results of all companies now comprising the Group using the merger basis of accounting 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 consolidated financial statements.

2. Revenue includes various service fees and interest income.

3. Hong Kong Profits Tax is calculated at the rate of 16% on the estimated assessable profits for the nine months ended 30th September, 2000. No income tax has been provided for in the three months ended 30th September, 2000 and the nine months ended 30th September, 1999 as neither the Group nor any of its associated companies derived any profit which is subject to income tax.

4. Movement in reserve

	2000 US\$'000	1999 US\$'000
Investment revaluation reserve as at 1st January	–	–
Decrease in fair value of a listed investment	(124)	–
Investment revaluation reserve as at 31st March	(124)	–
Increases in fair values of listed investments	1,976	–
Investment revaluation reserve as at 30th June	1,852	–
Decreases in fair values of investments	(1,861)	–
Investment revaluation reserve as at 30th September	(9)	–

5. Earnings per share

The calculation of the basic earnings per share for the nine months ended 30th September, 2000 is based on the profit attributable to shareholders of US\$825,946 (1999: profit of US\$174,639) and the weighted average number of shares of 2,040,493,975 (1999: 703,648,468).

The calculation of the basic earnings per share for the three months ended 30th September, 2000 is based on the profit attributable to shareholders of US\$104,219 (1999: profit of US\$46,700) and the weighted average number of shares of 2,399,677,245 (1999: 1,162,125,498).

The number of shares in issue in respect of the comparative periods in 1999 is calculated based on the shares in issue in respect of such periods, as adjusted to reflect the capitalisation ratio of 4,647 to 1, pursuant to the Group reorganisation referred to in Note 1 above.

The exercise of the share options granted by the Company would have a dilutive effect on the earnings per share for the nine months and three months ended 30th September, 2000. However, no such options are currently exercisable.

QUARTERLY DIVIDEND

The Board does not recommend the payment of a quarterly dividend for the nine months and three months ended 30th September, 2000 (1999: Nil).

BUSINESS REVIEW AND PROSPECTS

General

The Board is pleased to be able to announce another profitable quarter for techpacific.com. In what is the Company's sixth consecutive quarter of profitability, revenue for the nine months to 30th September, 2000 rose by more than 640% over the corresponding period in 1999. Operating profit rose by approximately 515% over the same period.

The Directors consider that the Group's results are particularly pleasing in light of the difficult operating environment that has prevailed following the global market correction in technology stocks in the first half of the year and also because in line with its budget, the Group has increased its operating expenses as part of its operational and regional expansion strategy. The Group has continued to diversify its revenue streams and now operates four separate business divisions, all of which made a meaningful contribution to revenues in the quarter under review.

The Directors are also especially pleased that the results were obtained during the summer months when the normal slow down in financing activity was even more pronounced due to the deterioration of market conditions that are commented upon above.

Whilst the Company's associated companies continued to make modest losses in Q3, these are within budget as these early stage businesses invest in staff and infrastructure in order to scale their operations and execute their business strategies. The Directors are confident that over the course of the next few quarters, the "toolbox" companies in particular will start to contribute to the overall results of the Group.

Group operating profit for the nine months period ended 30th September, 2000 was US\$1.077 million on revenues of US\$4.979 million. Profit attributable to shareholders (after the Company's share of losses of associated companies) was US\$825,946.

The Company ended the quarter under review with cash balances of approximately US\$38 million, in addition to the approximately US\$84 million remaining to be invested by the two venture capital funds managed by the Group. The Group remains consistently profitable with increasing and diversified revenue streams, financially strong and is extremely well positioned to capitalize on the significant opportunities within the technology markets in Asia.

Key developments in the quarter under review included:-

- techpacific.com Corporate Finance continued to be a significant contributor to Group revenues. The M³ programme raised over US\$11.5 million during the quarter for regional technology ventures, a highly creditable result given the traditionally reduced activity during the summer months and prevailing market conditions. The M³ programme has raised approximately US\$42 million in the year to 30th September, 2000. 19 companies were listed on Nirvana as at 30th September, 2000. In addition, the corporate finance division executed a number of advisory transactions and effected two successful m&a transactions for invested partners.
- tp Labs, the Group's incubation and business acceleration operating division, opened its flagship incubation center in Hong Kong. The center comprises 21,000 square feet of custom-designed incubation space offering start ups in Asia a state-of-the-art business environment complete with technology and business partnerships and entrepreneurial management resources to accelerate start ups to first round funding. The center has 183 desks, of which 120 are currently occupied.
- tp Factory, the Group's technology consultancy, commenced operations in September 2000 and represents a new operating division of techpacific.com and a new source of revenues. Comprising a team of 10 technology consultants, tp Factory manages technology implementation projects through its strategic stakes in Toolbox companies as well as through partnership with leading international technology corporations to accelerate the development of invested partners. Services include web design and development, systems integration, bandwidth and network management and complete e-implementation solutions for offline businesses. tp Factory has made an immediate contribution to the Group's top line revenues and the Directors expect this division to make an increasingly important contribution in the future.
- techpacific.com re-launched its web site (www.techpacific.com) following a complete redesign of the content and the look and feel of the site. The new site offers a comprehensive overview of the techpacific.com Group, including a specific investor relations section, as well as providing significant online resources for technology entrepreneurs and investors.
- The Group hired a CEO for its joint venture with Daum Communications in Korea and staff for its Singapore office. Both businesses are expected to commence operations in Q4.

Outlook

The Directors and management of techpacific.com remain highly positive about the prospects for the Company. The Group has proven its ability to maintain consistent profitability notwithstanding the budgeted increase in operating expenses as the Group continues to expand its professional team and scale up its business regionally.

techpacific.com has established four separate operating divisions that are highly complementary and that consolidate the Company's position as the clear market leader in building and financing early stage technology companies in Asia. Management believes that each of the Group's four operating divisions is highly scalable in its own right and intends to grow each business line energetically, both organically and through pursuing strategic opportunities, including acquisitions, joint ventures and strategic alliances. Despite continued weakness in the public markets, the Directors believe that investors are beginning to appreciate more fully the inherent strengths of the Company and its business, and that this should begin to be reflected in the Company's market value.

The Company continues to enjoy considerable support from its major institutional shareholders, as evidenced by the recent letter of intent signed between the senior management and major institutional shareholders that extended voluntarily the "lock-up" period (originally entered into at the time of the Company's IPO) for a further six months period. This proactive move, the first of its kind by a GEM-listed company, has ensured that a total of at least 72% of the Company's share capital remains in the hands of committed, long term investors.

The Directors expect that revenues from the Group's corporate finance and venture capital fund management divisions will continue to grow. Revenues from tp Labs and tp Factory, which only commenced operations in the latter part of Q3, will make an increasing contribution to Group revenues over the next quarter and in fiscal year 2001. In line with budget, operating expenses have increased in the quarter under review, principally as a result of investment in human resources (6 new staff joined in the quarter under review; total staff currently number 49) and due to costs associated with the new incubation center. Operating expenses are budgeted to increase further in Q4 as the full impact of developing the new operating divisions is felt, as additional hires are added and as the Group establishes operations in other regional markets. The ability to recruit, retain and motivate such individuals remains fundamental to the Company's success.

Management continues to adopt a highly conservative approach to its investment portfolio, which now comprises 33 companies (including investments made by the Nirvana Fund). All investments made by the Group are carried in the balance sheet at cost, including options to subscribe for equity (which are held in 18 companies), to which no value is attributed. There is likewise no recognition in the Group balance sheet of any potential increases in the value of equity holdings in unlisted companies because, in the Directors' opinion, such increases cannot be reliably measured.

techpacific.com continues to demonstrate its ability to remain consistently cash generative, notwithstanding the significant investment in expanding the Group operationally and regionally. Whilst remaining profitable and cash generative, quarter-on-quarter, techpacific.com continues to build up its portfolio of equity holdings in early stage Asian technology businesses. Management is confident that the Group stands to reap significant rewards as such investments mature, and that the Group's equity holdings represent a significant hidden asset.

The Group maintains cash balances of approximately US\$38 million and has approximately US\$84 million of uninvested venture capital funds providing significant resources available for development in the Asian technology sector. The Directors look forward to the final quarter of the year with continuing confidence.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

According to the business objectives as stated in the prospectus dated 5th April, 2000	Actual business progress
Period: 6 months ending 31st December, 2000	
Commence regional expansion of the M ³ programme through the establishment of joint ventures in key markets such as China, Korea and Singapore	The Group has signed joint venture agreements with partners in Korea and Malaysia to establish companies seeking to expand the M ³ programme as well as its other business activities. The Group is in the process of opening a subsidiary in Singapore for the same purpose. The Group is in discussions with third parties with respect to increasing its presence in mainland China through a number of different methods.

According to the business objectives as stated in the prospectus dated 5th April, 2000	Actual business progress
Complete significant or controlling strategic acquisitions to enhance the Toolbox in particular by acquiring interests in creative web design businesses	A strategic stake was acquired in Web Media, a leading web design and development business based in New Zealand. Within tp Factory, the Company has recruited an in-house web design team of 4.
Achieve a profitable exit from at least one holding	In June 2000, Netease.com Inc., an investment made by the Group through the M3 program, listed on NASDAQ, providing the Group with a substantial unrealized gain over its cost of investment
Increase the level of funds under management by launching another technology venture capital fund	techpacific.com's funds under management total approximately US\$98 million, of which approximately US\$14 million has been invested. In light of the significant volatility in technology markets since the first half of 2000, management has adopted a cautious approach to investing the available funds, ensuring that the venture capital funds will benefit from the lower valuations for technology investments in the current market environment. The Directors are of the opinion that until such time as the funds under management have been more fully invested, it is impractical to seek to increase the current level of funds under management. Management intends to seek further funds for venture capital investment in fiscal year 2001.
Expand representation in the USA and the United Kingdom and assist North American and European companies to expand into Asia	The Group officially opened branch offices in San Francisco and London. Both of these offices are in active discussions assisting technology businesses seeking to expand into Asia.
Invest in expansion of the existing web site (it is anticipated that US\$1 million will be devoted to expanding the functionality and content of the website)	techpacific.com re-launched its web site following a complete redesign of the content and the look and feel of the site. The new site offers a comprehensive overview of the techpacific.com Group, including a specific investor relations section, as well as providing significant online resources for technology entrepreneurs and investors.

DISCLOSURE OF INTERESTS

(a) DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30th September, 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	107,533,606	—	—	—
Ilyas Tariq Khan (Notes 1 & 2)	79,994,076	—	513,498,147	—
Johnny Chan Kok Chung (Note 3)	207,805,852	16,097,387	—	—
Max Carrol Chapman, Jr. Francis Yuen Tin Fan (Note 4)	18,448,931	1,635,744	—	—
	—	—	929,400	—
Peter Raymond Clarke	738,000	—	—	—

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

(iii) 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	3rd January, 2000	14,252,349	US\$0.0251
Richard Owen	23rd March, 2000 17th April, 2000	5,111,700 464,700	US\$0.0610 HK\$1.05
Ilyas Tariq Khan	3rd January, 2000 23rd March, 2000 17th April, 2000	4,061,478 15,102,750 2,788,200	US\$0.0251 US\$0.0610 HK\$1.05
Johnny Chan Kok Chung	3rd January, 2000 <i>Note 1</i> 23rd March, 2000 <i>Note 2</i> 17th April, 2000 <i>Note 3</i>	45,777,597 20,214,450 15,335,100	US\$0.0251 US\$0.0610 HK\$1.05
Max Carrol Chapman, Jr.	23rd March, 2000 23rd March, 2000	2,323,500 2,323,500	US\$0.0610 HK\$1.05
Francis Yuen Tin Fan	23rd March, 2000 <i>Note 4</i>	4,647,000	HK\$1.05
Peter Raymond Clarke	23rd March, 2000 <i>Note 4</i>	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: The Company's Quarterly Report for the three months ended 30th June, 2000 ("Q2 Report") disclosed that Mr. Francis Yuen and Mr. Peter Clarke have been granted the following options by the Company:—

	Effective Date	Option Shares	Subscription Price
Francis Yuen Tin Fan	23rd March, 2000 23rd March, 2000	4,647,000 4,647,000	US\$0.06.10 HK\$1.05
Peter Raymond Clarke	23rd March, 2000 23rd March, 2000	4,647,000 4,647,000	US\$0.06.10 HK\$1.05

The Company wishes to clarify that the disclosure highlighted in italics is erroneous and should not have appeared in the report. No options have been approved by the Option Committee of the Company or granted by the Company in respect of the disclosure highlighted in italics.

The correct number of options granted to Mr. Francis Yuen and Mr. Peter Clarke as at 30th June, 2000 are set out in the Company's prospectus dated 5th April, 2000, repeated in the Company's Quarterly Report for the three months ended 31st March, 2000 and in this Quarterly Report for the three months ended 30th September, 2000.

Note 5: None of the above outstanding options was exercised during the period under review.

(iii) Interests in techpacific.com Capital Limited (formerly known as 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 (Note 1)	1	–	110,001	–
Johnny Chan Kok Chung	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.

(b) SHARE OPTIONS

(i) Pre-IPO Share Option Plan

As at 30th September, 2000, options to subscribe for an aggregate of 409,177,644 ordinary shares of US\$0.001 each in the Company pursuant to the Pre-IPO Share Option Plan (as approved by the shareholders of techpacific.com capital Limited on 2nd July, 1999 and novated to the Company on 28th March, 2000) were outstanding. Details of options granted and, as at 30th September, 2000, remaining unexercised under the Pre-IPO Share Option Plan remain unchanged as disclosed on pages 224-230 of the prospectus of the Company dated 5th April, 2000. During the nine months ended 30th September, 2000, no options granted pursuant to the Pre-IPO Share Option Plan were exercised.

(ii) Share Option Scheme

During the period from 1st July, 2000 to 30th September, 2000, no option was granted by the Company under the Share Option Scheme, as adopted by the Company on 3rd April, 2000. During the period from 1st July, 2000 to 30th September, 2000, no option granted pursuant to the Share Option Scheme were exercised.

During the period from 1st July, 2000 to 30th September, 2000, two employees of the Company holding an aggregate of 2,091,150 options left the Company. Accordingly, pursuant to the terms of the Share Option Scheme, such options lapsed with effect from the date of resignation of such employees. Under rule 23.03(2) (Note 2) of the Rules Governing the Listing of Securities on GEM, options that have lapsed under the terms of the scheme will not be counted as part of the total number of securities subject to the scheme limit of 30% of issued share capital.

Save as disclosed above, during the nine months ended 30th September, 2000, none of the directors and employees of the Company or its subsidiaries was granted options to subscribe for shares in the Company.

A summary of the major terms of each share option scheme including details of all options granted thereunder are set out at pages 224 - 245 of the prospectus of the Company dated 5th April, 2000.

(c) SUBSTANTIAL SHAREHOLDERS AND MANAGEMENT SHAREHOLDERS

So far as the directors are aware, as at 30th September, 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)	593,492,223	24.65
ECK & Partners Limited (Note 2)	325,290,000	13.56
tekbanc.com Limited (Note 3)	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 593,492,223 Shares in which Ilyas Tariq Khan was interested.

Note 3: tekbanc.com Limited is a company wholly-owned by the Kuwait Fund for Arab Economic Development, a development finance agency owned by the government of Kuwait.

Save as disclosed above, the directors are not aware of any other persons who were, as at 30th September, 2000, interested in 10% or more of the Shares of the Company.

In addition to the directors', chief executive's and substantial shareholders' interests in securities of the Company, details of the shareholding of, and shares held under the options held by, each of the other initial management shareholders of the Company are as follows:–

Shareholder	Number of Shares	Percentage of issued share capital %	Number of Shares under Option
Jose Roy Hernandez Borromeo	100,151,027	4.17	16,822,140
Ali Jehangir Siddiqui*	64,724,150	2.70	4,647,000
Softbank Internet Fund	79,691,403	3.32	–
SOFTVEN NO. 2 Investment Enterprise Partnership	40,954,011	1.71	–

* *The interests of Ali Jehangir Siddiqui include the 34,620,150 Shares owned by StartupGroup Inc. StartupGroup Inc. is beneficially wholly-owned by Ali Jehangir Siddiqui.*

(d) SPONSOR

As notified by the Company's sponsor, BNP Paribas Peregrine Capital Limited (the "Sponsor"), as at 30th September, 2000, Yi Hua Assets Limited ("Yi Hua"), an associate of the Sponsor (as defined in the GEM listing rules) held 16,380,675 shares in the Company.

Mr Francis Leung Pak To ("Mr Leung"), a director of the Sponsor, beneficially owns 50% of Yi Hua and, as such, is indirectly interested in the 16,380,675 shares of the Company as mentioned above. Mr Leung, as member of the Advisory Board of the Company, is also granted 2,323,500 options under the Company's pre-IPO Share Option Plan.

Saved as disclosed herein, neither the Sponsor nor its directors or employees or associates (as referred to in Note 3 to rule 6.35 of the GEM Listing Rules) had any interests in the securities of the Company, including options or rights to subscribe for such securities.

Pursuant to the agreement entered into between the Company and the Sponsor, the Sponsor will receive a fee for acting as the Company's retained sponsor for the period from 17th April, 2000 to 31st December, 2002.

(e) OTHER INTERESTS

The directors are not aware of any business or interest, as of 30th September, 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.

(f) AUDIT COMMITTEE

As required by Rule 5.23 of the GEM Listing Rules, the Company established an audit committee on 31st 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.

(g) 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 nine months ended 30th September, 2000, 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, 13th November, 2000

This announcement will remain on the GEM website on the "Latest Company Announcements" page for 7 days from the day of the posting.