techpacific.com Limited

(incorporated in the Cayman Islands with limited liability)

Quarterly Report

For the three months
ended 31st March, 2001

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.

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.

- Spike Cyberworks, 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 three months ended 31st March, 2001, together with the comparative unaudited figures of the corresponding period in 2000 as follows. Particular note is made of the Company's acquisition of majority ownership and control of Spike Cyberworks Limited ("Spike"), a company engaged in the business of technology consulting and web design and development, during the quarter. The consolidation of Spike's financial results contributed to increasing revenues during the quarter by US$1.20 million and cash operating expenses by US$2.38 million.

		Three months ended 31st March,	
		2001	**2000**
	Notes	*US$'000*	*US$'000*
Revenue	*2*	2,273	1,548
Operating expenses		(4,878)	(1,097)
(Loss)/Profit from operations		(2,605)	451
Amortization of goodwill		(659)	–
Provision for impairment		(2,967)	–
Share of losses of associated companies		(162)	(6)
(Loss)/Profit before taxation		(6,393)	445
Taxation	*3*	–	–
(Loss)/Profit after taxation		(6,393)	445
Minority Interest		785	(1)
(Loss)/Profit attributable to shareholders		(5,608)	444
(Loss)/Earnings per share – Basic	*5*	(US 0.23 cent)	US 0.03 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. No income tax has been provided for in the three months ended 31st March, 2001 as neither the Group nor any of its associated companies derived any profit which is subject to income tax.

4. **Movement in reserves**

	Share premium	Capital reserve	Capital redemption reserve	Investment revaluation reserve	Foreign exchange reserve
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1st January, 2001	52,444	4,589	–	(186)	(179)
Increase arising from the issue of new shares for the acquisition of a subsidiary	–	5,132	–	–	–
Increase/(Decrease) arising from repurchase of own shares	(26)	–	2	–	–
Decrease in fair values of listed investments	–	–	–	(626)	–
Decrease in exchange difference on consolidation	–	–	–	–	(491)
At 31st March, 2001	52,418	9,721	2	(812)	(670)

5. **(Loss)/Earnings per share**

   The calculation of the basic loss per share for the three months ended 31st March, 2001 is based on the loss attributable to shareholders of US$5,608,438 (2000: profit of US$444,034) and the weighted average number of shares of 2,463,105,023 (2000: 1,374,224,321).

   The exercise of the share options granted by the Company would have an anti-dilutive effect on the loss per share for the three months ended 31st March, 2001. As of 31st March, 2001, 83,035,384 options are currently exercisable.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31st March, 2001 (2000: Nil).

BUSINESS REVIEW AND PROSPECTS

General

The first quarter of 2001 was an exceptional one for the Company in several respects, both negative and positive.

For the first time since early 1999, the Company failed to make a profit during the quarter. This was due to:–

(a) A provision of US$2.97 million for impairment in the value of investments held by the Company, made as a result of further deterioration in financial market conditions surrounding early stage technology companies and the performance of certain investee companies;

(b) The initial impact of the Company's acquisition of Spike Cyberworks Ltd., completed on 9th February, 2001 (see also below) which increased cash operating expenses by US$2.38 million during the quarter on revenues of US$1.20 million, including a charge for goodwill;

(c) A shortfall in revenue, particularly from corporate finance business, for reasons described below.

On the positive side:

(a) cash operating costs in techpacific.com, without consolidating the cash operating expenses of Spike, have been reduced and are being reduced further;

(b) revenues from Spike Cyberworks were somewhat better than expected in the first two months after its acquisition, and initial indications suggest that this company should become a significant contributor to Group profits within twelve months. Spike provides a wide range of digital services to leading international corporations in Australia, Japan and Hong Kong and employs around 140 personnel. Spike has conceived, developed and maintained over 600 corporate web ventures, online publishing systems, information systems and intranet and extranet applications. With the support of techpacific.com, Spike's strong client base will be extended further into Asia. Results from this effort are already beginning to become apparent.

After consolidating the two months' results of Spike Cyberworks, consolidated Group financial results show revenues for Q1 2001 of US$2.27 million and net losses after provisions for impairment in the value investments and the amortization of goodwill of US$5.60 million.

(US$000)	**techpacific.com before incorporating Spike** *Q1 2001*	**Spike** *Q1 2001*	**Consolidated** *Q1 2001*	**techpacific.com** *Q1 2000*
Revenue	1,070	1,203	2,273	1,548
Operating expenses	(2,126)	(2,752)	(4,878)	(1,097)
(Loss)/Profit from operations	(1,056)	(1,549)	(2,605)	451
Amortization of goodwill	(659)	–	(659)	–
Provisions for impairment	(2,967)	–	(2,967)	–
Share of losses in associates	(162)	–	(162)	(6)
(Loss)/Profit before taxation	(4,844)	(1,549)	(6,393)	445
(Loss)/Profit after taxation	(4,844)	(1,549)	(6,393)	445
Minority interest	26	759	785	(1)
(Loss)/Profit attributable to shareholders	(4,818)	(790)	(5,608)	444

The shortfall in revenues from the corporate finance business was due to three main factors:

(1) a sharp deterioration in capital market conditions, amounting to a virtual "buyers' strike" by venture capital funds and corporate investors in relation to the financing of technology ventures in Asia;

(2) the diversion of part of the Company's management resource (including particularly the corporate finance team) to complete the Spike acquisition;

(3) the need to devote a significant part of the time of corporate finance personnel to manage the affairs of investee companies of the Group and of Funds under its management.

Due to the persistence of these unfavorable capital market conditions, the efforts of the corporate finance team have been partially redirected towards advisory work (particularly mergers and acquisitions) and a number of mandates have been obtained which are expected to generate fees during the remainder of this year. At the same time, a slight pick-up in capital-raising activity has recently been detected. Management continue to believe that over 2001 as a whole the corporate finance business will continue to generate profits.

Revenues from fund management activities during the quarter were slightly higher, due to an additional draw down of previously committed funds. The monitoring of existing investee companies, and the need to intervene actively in a few cases, involved a particularly intense effort, including assistance from the corporate finance team.

The contribution to revenues of the incubation activity remained very modest, due to the intrinsically longer-term nature of this business (in common with fund management).

A significant part of the Company's management resource during the quarter was devoted to the assumption of control over Spike and the introduction of management changes. A new chief executive was identified and has subsequently joined Spike. New financial controls have been introduced. techpacific.com's previous digital services division (tpFactory) has been fully integrated into Spike. Spike's monthly losses were reduced from AUD1.88 million in the last quarter of 2000 to AUD1.4 million during the first two month's under techpacific.com's management. A number of new contracts have been signed with leading international companies and the marketing effort in Spike has been considerably stepped up and given new direction. Management believe that Spike can be turned cash positive within the next twelve months.

The provision for impairment in value of investments of USD2.97 million was arrived at after a thorough review of investments held by techpacific.com (including techpacific.com's share of investments held by Funds under the Group's management). Most of the investments held on the balance sheet of techpacific.com itself were made in early 2000, before the Company established its venture capital fund management business or obtained its listing. None of the relevant companies has ceased business, but the continuing depressed market conditions, combined with the failure of some companies to achieve their revenue targets, has led management to the view that these investments are permanently impaired. Management will continue to re-assess the portfolio rigorously on a regular basis. No upward adjustments to carrying values have been made, even where investee companies have closed further funding rounds at valuations higher than the Group's entry cost.

At the end of the quarter, the Group retained cash balances of approximately US$29.6 million. Approximately US$74 million remains to be invested by the two venture capital funds managed by the Group.

Other events during the quarter included:–

– Establishment of the group's office in Singapore, with an executive staff of 3 at this stage.

– The obtaining by techpacific.com Korea of its first capital-raising mandates and is now under execution.

Outlook

Despite the loss in the first quarter, the Directors continue to view the Group's prospects with considerable optimism. The Company is clearly a survivor in the current market turmoil and has the cash and human resources to take advantage of the opportunities which this turmoil is generating. Such opportunities are increasing in frequency and quality. techpacific.com is one of a very small number of corporate finance advisory firms with an exclusive focus on the technology sector in Asia, and a market leader in this field, which continues to offer a large scale opportunity. It also now has an established position as a venture capital fund manager. Through Spike, it is on the way to becoming one of the leading providers of digital consultancy and web design services on an Asia-wide basis. The Directors therefore believe that the platform is well in place for substantial growth in the scale and profitability of the Group's business, though realisation of techpacific.com's potential will require continued hard work and skill on the part of management in exploiting market opportunities.

Business activities:

- tp Corporate Finance will continue to expand its range of clients and services, and its ability to handle concurrent mandates for fund raising, corporate finance advisory and M&A transactions. The group has proven itself in the past at winning and successfully implementing such mandates. The track record in this area continues to grow. The Directors believe that this business will continue to be a major contributor to Group profits in the future, and that techpacific.com will benefit from the growing franchise that has been created in the past twelve months.

In addition, management is hopeful that revenue opportunities will arise from a special unit of the corporate finance division that has been set up to advise corporate investors and venture capital firms on the re-structuring of their technology investment portfolios (including divestments, acquisitions and mergers), drawing on techpacific.com's experience in managing its own portfolio.

- The acquisition of majority ownership in Spike substantially strengthens the capabilities of techpacific.com's digital services business. Spike also widens the coverage of digital services to two of the largest and fastest growing information technology markets in Asia – Australia and Japan. Having worked for and satisfied many prime clients while delivering a wide range of high quality web development and consultancy projects, Spike is expected to provide the Group with efficient systems and substantial, recurring revenues and profits in the future. A new chief executive for Spike was recently hired and began work in the second quarter. Going forward, Spike will focus on retaining existing clients and winning new ones, expanding into new markets in Asia, and on capitalizing on techpacific.com's relationships and experience in these markets.

- The Singapore office, established during the quarter under review, will focus initially in originating corporate finance mandates and widening the scope of the Group's venture capital fund management business. In both fields, Singapore and Malaysia represent an interesting market. Together with the Group's subsidiary in Korea, which began operations in late 2000, and the office in London (which serves as the Group's presence for Europe and the Middle East), the overseas offices provide the Group with a wide field for sourcing fee-paying mandates and investment opportunities. We expect our Singapore operation to become a meaningful contributor to the Group's bottom line by Q3 of this year.

In the near term, the management of techpacific.com will focus on returning the Group as rapidly as possible to profitability by developing revenue-generating lines of business. Management will continue to focus on the most efficient allocation of capital and human resources by constantly comparing the return that businesses and individuals derive from the resources that have been assigned to them, relative to other business opportunities. Where the returns are deemed to be inadequate, management will reallocate resources accordingly.

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 30th June, 2001	
Increase the level of funds under management by launching another technology venture capital fund	Techpacific.com is exploring the establishment of another technology fund to be managed by techpacific.com Venture Capital
Further expand the Mentor base regionally, with a special focus on Korea, Singapore and Australia	The joint venture in Korea, the newly opened office in Singapore and the purchase of majority control of Spike Cyberworks in Australia provide techpacific.com with physical presence in these 3 important markets. We are using these offices as platforms for expanding the Mentor base across the region.
Increase incubation activities regionally by establishing a physical incubation centre in Singapore	The company is rethinking the expansion of the incubation business outside of Hong Kong owing to the large initial and on-going working capital needed to sustain such an operation. Techpacific.com however continues to explore incubation opportunities through co-operation with other parties who have established operations in Asian markets outside Hong Kong.
Establish further joint ventures in regional markets, including India, Thailand, Taiwan and possibly in the Middle East	Techpacific.com continues to explore several joint ventures in these countries with a number of possible partners.
Develop strategic relationships with incubators in the USA	Techpacific.com is in discussions with a US based incubator for a possible joint venture.

According to the business objectives as stated in the prospectus dated 5th April, 2000	Actual business progress
Continue strategic expansion into North America and Europe by hiring specialist staff to assist Asian companies to enter these markets	Our offices in San Francisco and in London continue to feed information to the rest of the Group on new markets, technologies and opportunities in Europe and the US. In addition, senior staff of the Group maintain relationships with technology companies in the US to keep abreast of developments and opportunities.

DISCLOSURE OF INTERESTS

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

As at 31st March, 2001, 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.	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. 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.

(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	3rd January, 2000	14,252,349	US$0.0251
	23rd March, 2000	5,111,700	US$0.0610
	17th April, 2000	464,700	HK$1.05
Ilyas Tariq Khan	3rd January, 2000	4,061,478	US$0.0251
	23rd March, 2000	15,102,750	US$0.0610
	17th April, 2000	2,788,200	HK$1.05
Johnny Chan Kok Chung	3rd January, 2000 *Note 1*	45,777,597	US$0.0251
	23rd March, 2000 *Note 2*	20,214,450	US$0.0610
	17th April, 2000 *Note 3*	15,335,100	HK$1.05
Max Carrol Chapman, Jr.	23rd March, 2000	2,323,500	US$0.0610
	23rd March, 2000	2,323,500	HK$1.05
Francis Yuen Tin Fan	23rd March, 2000	4,647,000	HK$1.05
Peter Raymond Clarke	23rd March, 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 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 31st March, 2001, options to subscribe for an aggregate of 407,318,844 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 31st March, 2001, 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 three months ended 31st March, 2001, no options granted pursuant to the Pre-IPO Share Option Plan were exercised.

(ii) Share Option Scheme

During the period from 1st January, 2001 to 31st March, 2001, 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 January, 2000 to 31st March, 2001, no option granted pursuant to the Share Option Scheme was exercised.

During the period from 1st January, 2000 to 31st March, 2001, two employees of the Company holding an aggregate of 1,858,800 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 three months ended 31st March, 2001, 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 31st March, 2001, 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 31st March, 2001, 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 31st March, 2001, 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 31st March, 2001, 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, Max Carroll Chapman 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 three months ended 31st March, 2001, the Company purchased 1,886,000 shares, but did not sell or redeem any of the Company's listed securities.

By Order of the Board
Robert John Richard Owen
Chairman

Hong Kong, 14th May, 2001