techpacific.com Limited

(incorporated in the Cayman Islands with limited liability)

Interim Report

For the three months
ended 30th June, 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.

About techpacific.com limited

techpacific.com Limited (the "Company" and together with its subsidiaries, the "Group") is a leading provider of financial services to the technology sector in Asia whose focused line of business is finding, financing and building technology ventures in Asia.

The Company operates the following complementary business areas:–

- techpacific.com Corporate Finance sources private equity finance for technology 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's Applied Research Fund.

- techpacific.com Venture Capital also oversees an incubation and business acceleration unit, tp Labs, which provides technology and other value added services, and invests in Asian start-up technology ventures.

- Spike, the Group's subsidiary which was invested in earlier this year, and which provides a wide range of technology consultancy, web enabling and integration services , including web design and development, systems integration, bandwidth and network management, on-line brand development and e-implementation solutions for major regional and international corporations.

Results

The Board of Directors ("Board") of the Company is announcing the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months ended 30th June 2001, together with the comparative unaudited figures of the corresponding period in 2000 and the previous quarter as follows. The figures include the financial results of Spike, the Company's majority owned and controlled subsidiary with headquarters in Australia which is engaged in the business of web design and development as well as the business of offering digital consultancy services to clients throughout Asia.

	Notes	Six Months Ended 30th June 2001 US$'000	Six Months Ended 30th June 2000 US$'000	Three Months Ended 30th June 2001 US$'000	Three Months Ended 30th June 2000 US$'000
Revenue	2	4,567	3,291	2,294	1,743
Operating expenses		(11,995)	(2,335)	(7,116)	(1,238)
(Loss)/Profit from operations		(7,428)	956	(4,822)	505
Amortization of goodwill		(1,647)	–	(988)	–
Provision for impairment		(9,059)	–	(6,092)	–
Share of losses of associated companies		(326)	(165)	(164)	(159)
(Loss)/Profit before taxation		(18,460)	791	(12,066)	346
Taxation	3	–	(28)	–	(28)
(Loss)/Profit after taxation		(18,460)	763	(12,066)	318
Minority Interest		2,310	(41)	1,525	(40)
(Loss)/Profit attributable to shareholders		(16,150)	722	(10,541)	278
(Loss)/Earnings per share – Basic	5	(US0.65 cent)	US0.04 cent	(US0.41 cent)	US0.01 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 and six months ended 30th June 2001 as neither the Group nor any of its associated companies derived any profit which is subject to income tax. Hong Kong Profits Tax is calculated at the rate of 16% on the estimated assessable profits for the three months and six months ended 30th June 2000.

4. Movement in reserves

	Share Premium 2001 US$'000	Share Premium 2000 US$'000	Capital Reserve 2001 US$'000	Capital Reserve 2000 US$'000	Capital Redemption Reserve 2001 US$'000	Capital Redemption Reserve 2000 US$'000
At 1st January	52,444	587	4,589	4,589	–	–
Issue of shares	–	58,521	–	–	–	–
Share issue expenses	–	(3,559)	–	–	–	–
Capitalisation issue of shares	–	(2,095)	–	–	–	–
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	–
At 31st March	52,418	53,454	9,721	4,589	2	–
Increase/(decrease) arising from repurchase of own shares	(209)	–	–	–	9	–
Decrease arising from the issue of new shares for the acquisition of a subsidiary	–	–	(535)	–	–	–
At 30th June	52,209	53,454	9,186	4,589	11	–

	Investment revaluation reserve 2001 US$'000	Investment revaluation reserve 2000 US$'000	Foreign exchange reserve 2001 US$'000	Foreign exchange reserve 2000 US$'000
At 1st January	(186)	–	(179)	–
Decreases in fair values of listed investments	(626)	(124)	–	–
Decreases in exchange difference on consolidation	–	–	(491)	–
At 31st March	(812)	(124)	(670)	–
Increases in fair values of listed investments	129	1,976	–	–
Increases in exchange difference on consolidation	–	–	185	–
At 30th June	(683)	1,852	(485)	–

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

The calculation of the basic loss per share for the six months ended 30th June 2001 is based on the loss attributable to shareholders of US$16,149,622 (2000: profit of US$721,728) and the weighted average number of shares of 2,484,246,306 (2000:1,858,928,805).

The calculation of the basic loss per share for the three months ended 30th June 2001 is based on the loss attributable to shareholders of US$10,541,183 (2000: profit of US$277,693) and the weighted average number of shares of 2,567,886,036 (2000: 2,343,633,289).

The exercise of the share options granted by the Company would have an anti-dilutive effect on the loss per share for the six months and three months ended 30th June 2001. As of 30th June 2001, 140,606,593 options are currently exercisable. It should be noted that these options are all currently out-of-the-money.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 30th June 2001 (2000: Nil).

BUSINESS REVIEW AND PROSPECTS

General

The persistence of negative capital market sentiment, and adverse business conditions in the technology sector in the United States and Europe continued to have a profound effect on the company's business. The second quarter of this year saw overall conditions worsen. New investments by venture capital providers in this sector have ground to a virtual halt, a large-scale layoff of personnel continued, the number of bankruptcies among technology-based businesses increased, and demand for technology-based products and services sank to their lowest level in several years.

Against this background, the Group's revenues during Q2 showed flat revenue growth versus the last quarter (US$2.294 million in Q2, 2001 versus US$2.273 million in Q1, 2001) and the Company also decided to make increased provisions for impairment of its investment portfolio (US$6.1 million) and provision for doubtful debts (US$0.9 million) during Q2. The Company expects that adverse business conditions will continue for a few more quarters, though the extent of any further provisions, if any, is unlikely to be as large.

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Despite the adverse environment, the Company's corporate finance business has benefited from an increase in corporate advisory work for companies wishing to divest, acquire, partner with or merge technology businesses. The rapid pace of corporate consolidation continues, as relatively healthy IT companies seek to acquire more resources quickly and attain greater scale by combining with complementary businesses. The Company expects that most of the deals currently in the process of execution will be completed, and will positively impact techpacific.com's financial results in the future.

Another positive aspect of the current environment is the opportunity it provides for the Company to focus on developing more "merchant banking" transactions. The Company believes that negative investor sentiment towards the technology sector has been indiscriminate and the value of companies with good prospects has suffered along with that of bad ones. This is especially true in Asia, where there are examples of technology companies whose businesses are fundamentally sound but who have been unable to attract follow-on capital for their continued development, or listed companies which currently trade well below their net cash or intrinsic values. Due, in large part, to the skill-sets of many of its senior executives, techpacific.com is well placed to take advantage of such opportunities.

Overall Results

(US$000)	**techpacific.com excluding Spike** *Q2 2001*	**Spike** *Q2 2001*	**techpacific.com Consolidated including Spike** *Q2 2001*	**techpacific.com Consolidated** *Q1 2001*
Revenues	1,152	1,142	2,294	2,273
Operating expenses	(1,991)	(3,642)	(5,633)	(4,354)
Operating loss before depreciation, amortisation, provision and write-off/back	(839)	(2,500)	(3,339)	(2,081)
Amortization of goodwill	(988)	–	(988)	(659)
Depreciation	(148)	(386)	(534)	(408)
Amortization of intellectual property	–	(108)	(108)	(115)
Fixed assets written off	(83)	–	(83)	–
Write back of losses of associates upon disposal	156	–	156	–
Provisions for doubtful debts	(864)	(50)	(914)	–
Provisions for impairment	(6,092)	–	(6,092)	(2,968)
Share of losses in associates	(116)	(48)	(164)	(162)
Loss after tax	(8,974)	(3,092)	(12,066)	(6,393)
Minority interest	(4)	1,529	1,525	785
Net loss attributable to shareholders	(8,978)	(1,563)	(10,541)	(5,608)

Spike

Since completing the acquisition of Spike in February this year, techpacific.com has installed a new senior management group and worked with the new Chief Executive, Peter Williamson, to rebuild the sales force, reduce costs and generate business opportunities. Spike has also made strategic acquisitions. These efforts have produced significant cost savings, a fuller pipeline of mandated projects and a broader client base. Revenues for the quarter just ended were still flat and costs higher due to a widespread restructuring effort in Sydney, Tokyo and Hong Kong. The Company remains confident that Spike will show significantly improved financial results before the end of this year.

In the quarter under review, Spike incurred US$3.64 million in cash operating expenses, an increase of US$1.25 million over previous quarter, as the cost of refitting the Spike team with an improved set of skills and experience fell mainly in Q2. These one-time costs included severance payments for staff redundancies, as well as recruitment expenses for new staff. The recruitment of new staff has also allowed Spike to adjust compensation arrangements to make them more appropriate for the current business climate; in the case of its salesforce, Spike has converted many of its sales professionals onto a performance-based compensation system. The additional costs for the quarter also include expenditures incurred in relocating certain operations of Spike into less expensive offices. In addition to cost-cutting measures, Spike is also seeking economies through aggregating its purchases of services with those of techpacific.com.

From a geographic standpoint, client retention and brand awareness remains highest in Australia, and new account acquisition has also been highest in this established market. Spike has clearly benefited from the demise of many of its competitors, and the directors are much encouraged by the management team and the market opportunity that has emerged in Australia. Japan remains the market with the highest overall potential for Spike, and there are encouraging signs of progress in penetrating this market. Japan is unique amongst Asian markets in offering true scale for the skill sets that Spike can offer. Hong Kong and the other Asian markets remain challenging, and Spike is focusing on selected client accounts in these areas.

Provisions for Impairment by techpacific.com

In light of the prevailing business climate, the Company has deemed it prudent to increase its provisions for impairment on its investment portfolio by US$6.1 million. The total write down is therefore US$9.1 million.

The market for private equity capital-raising and for initial public offerings has ground to a virtual halt for Asian technology companies. Many previously active private equity funding sources have either ceased operation for the year or remain extremely selective in their investments. This has made additional funding rounds for young technology companies extremely difficult to complete, with the result that many companies which have been making good progress in meeting their business targets but have low remaining levels of capital may be forced to cease operations. techpacific.com intends to focus resources only on the most promising businesses in its investment portfolio and to encourage others to find third party sources of capital or to downsize operations to conserve capital. It is an unfortunate fact of life at present that a number of companies in our portfolio that have good management teams and have achieved their milestones are nevertheless unable to raise further capital, and will therefore suffer from a significant decrease in value, if not a complete shut down of operations.

Outlook

For the rest of the year 2001, the Management believes that revenues from corporate finance activities and from the operations of Spike will show significant improvements, and that the cost-cutting measures started by the Company in the first quarter and continuing through the year, across the entire techpacific Group, will reduce the cost base significantly.

With a cash balance at the end of June of US$25.9 million and only 26% of the total capital committed in the funds under management invested, the Company continues to look for investment opportunities either for the Group's existing Funds in the form of merchant banking transactions. At this time, there is fortunately an abundance of these promising businesses that trade or are valued at attractive levels.

Through our representatives in Mainland China which was established in June 2001 it will be providing good leads for the corporate finance and venture capital divisions. China is not only a large and growing market, it is also the country in Asia that has been least affected by the global, economic downturn and is hence a fertile market for technology investing and corporate finance activities.

The office in Singapore has also several corporate finance business prospects, while the Korean office has been very active in finding investment opportunities for the venture capital funds. In the second quarter, the Nirvana Fund invested in Paion, a designer of gigabit ethernet products, the first investment identified and executed by the Korean office. We expect the Korean office to find and finance more of these promising businesses.

The venture capital division also continues to explore the establishment of a new fund that would capitalize on the substantial corporate finance and merchant banking experience of the Company's staff.

techpacific.com has quickly established the leading market position in technology corporate finance and venture capital in the Asia Pacific region. The techpacific "brand" enjoys high-recognition and is highly regarded. The business operations are focused, complementary and already generate sustainable, scalable revenues. techpacific has successfully expanded from its Hong Kong base, with a physical presence in mainland China, Korea, Singapore, Japan and Australia. In addition, techpacific offers its clients a unique and extensive business network that spans the entire Asia Pacific region, the U.S., UK and Middle East.

The Directors intend to continue to grow aggressively techpacific's core corporate finance and venture capital activities to complete its Asian network, expand its client base and substantially increase revenues. The Directors believe that techpacific, as the only technology corporate finance and venture capital franchise with a pure Asian focus, enjoys a uniquely valuable market position that will, over time, deliver significant financial returns to Shareholders.

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
Develop commercial opportunities arising from the expansion of the M^3 programme in Greater China and achieve at least two listings in Nirvana sourced from Greater China	Through the Company's representatives in Beijing, a number of leads were identified in Q2 to originate investment opportunities for the Funds managed by techpacific.com and in uncovering mandates for corporate finance. Within the first six months of the year 2001, there were at least two listings in Nirvana sourced from the Greater China area.
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 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 and the currently poor market conditions for technology businesses. Techpacific.com however continues to explore incubation opportunities through co-operation with other parties who have established operations in Asian markets outside Hong Kong. We will review our incubation activities as soon as there is an improvement in market conditions.
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. However, as long as the current negative market conditions persist in relation to the technology sector, the company has decided not to act on any joint venture proposal.
Develop strategic relationships with incubators in the USA	The Company has deferred plans to form strategic relationships with incubators in the US until market conditions in the technology sector improve.
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.

Use of Proceed Comparison

	Six months to 30th June 2001 Estimated at the time of the share offer *US$' million*	Actual amount incurred *US$' million*
* Strategic investments	5.56	7.00
** Incubation	1.99	0.59
Fund management	–	0.80
*** Investment in technology	0.87	0.25
Brand development	0.35	0.16
Working capital	0.74	0.86
	9.51	9.66

* Higher actual amount incurred mainly arising from acquisition of Spike,

** Lower actual amount incurred due to downsizing of incubation operation.

*** Lower actual amount incurred as a result of tightened cost control.

DISCLOSURE OF INTERESTS

(A) Directors' and Chief Executive's Interests in Securities

As at 30th June 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. Ilyas Tariq Khan beneficially wholly owned TW Indus Ltd..

Note 2: ECK & Partners Limited held 325,290,000 Shares. 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. 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. 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.

Name	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$1.050
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$1.050
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$1.050
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	4,647,000	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 30th June 2001, options to subscribe for an aggregate of 361,708,539 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 after adjusting for the lapse of 45,610,305 options granted to three employees of the Company who resigned from the Company during the period. Details of options granted and, as at 30th June 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 30th June 2001, no options granted pursuant to the Pre-IPO Share Option Plan were exercised.

(ii) Share Option Scheme

During the period from 1st April 2001 to 30th June 2001, 108,579,780 options were granted by the Company under the Share Option Scheme, as adopted by the Company on 3rd April 2000. During the period from 1st April 2001 to 30th June 2001, no option granted pursuant to the Share Option Scheme was exercised.

During the period from 1st January 2001 to 30th June 2001, four employees of the Company holding an aggregate of 4,418,495 options left the Company. The outstanding share options as at 30th June 2001 were 528,139,624. 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 30th June 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 30th June 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 immediately percentage holding of Shares in issue (%)
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 June 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	17,961,550
Ali Jehangir Siddiqui*	64,724,150	2.70	6,425,820
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 June 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 up until 30th June 2001, as mentioned above. Mr Leung, as member of the Advisory Board of the Company, has also been granted 2,323,500 options under the Company's pre-IPO Share Option Plan. Mr. Leung ceased to be a director of the Sponsor effective from 1st July 2001.

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 June 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 30th June 2001, the Company purchased 9,384,000 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, 10th August 2001