techpacific.com Limited

(incorporated in the Cayman Islands with limited liability)

Quarterly Report

For the nine months
ended 30th September, 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 is a business that funds technology ventures in Asia by arranging value added capital, which is provided by corporate and institutional investors. techpacific.com Corporate Finance also acts as a strategic advisor and provides mergers and acquisition, 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 a small incubation and business acceleration unit, tp Labs, which provides technology and other value added services, and selectively invests in Asian start-up technology ventures.

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

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 September 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.

		Nine Months Ended 30th September		Three Months Ended 30th September	
		2001	2000	2001	2000
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue	*2*	7,483	4,979	2,916	1,701
Operating expenses		(18,538)	(3,902)	(6,626)	(1,580)
(Loss)/Profit from operations		(11,055)	1,077	(3,710)	121
Amortization of goodwill		(3,416)	–	(1,769)	–
Provision for impairment in investments		(17,943)	–	(8,884)	–
Write off of fixed assets		(612)	–	(529)	–
Provision for impairment loss in fixed assets		(342)	–	(342)	–
Share of losses of associated companies		(360)	(184)	(34)	(19)
(Loss)/Profit before taxation		(33,728)	893	(15,268)	102
Taxation	*3*	–	(28)	–	–
(Loss)/Profit after taxation		(33,728)	865	(15,268)	102
Minority Interest		3,286	(39)	975	2
(Loss)/Profit attributable to shareholders		(30,442)	826	(14,293)	104
(Loss)/Earnings per share – Basic	*5*	(US1.222 cent)	US0.041 cent	(US0.571 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 report 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 nine months ended 30th September 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 nine months ended 30th September 2000.

4. Movement in reserve

	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	–
Share issue expenses	–	(157)	–	–	–	–
Increase arising from the issue of new shares for the acquisition of a subsidiary	–	–	22	–	–	–
At 30th September	52,209	53,297	9,208	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)	–	–
Decrease in exchange difference on consolidation	–	–	(491)	–
At 31st March	(812)	(124)	(670)	–
Increases in fair values of listed investments	129	1,976	–	–
Increase in exchange difference on consolidation	–	–	185	–
At 30th June	(683)	1,852	(485)	–
Decreases in fair values of listed investments	(231)	(1,861)	–	–
Decrease in exchange difference on consolidation	–	–	(222)	–
At 30th September	(914)	(9)	(707)	–

5. (Loss)/Earnings per share

The calculation of the basic loss per share for the nine months ended 30th September 2001 is based on the loss attributable to shareholders of US$30,442,397 (2000: profit of US$825,946) and the weighted average number of shares of 2,490,423,765 (2000:2,040,493,975).

The calculation of the basic loss per share for the three months ended 30th September 2001 is based on the loss attributable to shareholders of US$14,292,775 (2000: profit of US$104,219) and the weighted average number of shares of 2,502,577,245 (2000:2,399,677,245).

The exercise of the share options granted by the Company would have an anti-dilutive effect on the loss per share for the nine months and three months ended 30th September 2001. As of 30th September 2001, 103,932,283 options are currently exercisable. It should be noted that all of these options that can be exercised are currently out-of-the-money.

INTERIM DIVIDEND

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

BUSINESS REVIEW AND PROSPECTS

General

The events of September 11 precipitated not only an appalling human trauma, but also sharply increased uncertainty in an already slowing world economy. This added to the savage correction which had already taken place in the technology sector on a global basis. The repercussions of all this in Asia will become more evident as time passes; they include further cuts in corporate spending and deferrals of investment decisions and new ventures.

These events have inevitably heightened the negative impact of market conditions on the business of techpacific.com in the short term. It has become necessary to make further substantial provisions against the company's investments in unlisted technology companies, and expected revenues from corporate finance transactions in progress have continued to be slow in coming through. Spike was still loss-making in Q3, although progress towards profitability has been more rapid than previously expected (see below). These are the main factors responsible for the significant loss recorded in the quarter under review.

On the positive side, our "pipeline" of corporate finance work is continuing to grow steadily and includes an increasing number of larger transactions. The performance of Spike has been highly encouraging (particularly in light of current market conditions); revenues nearly doubled in the quarter and are continuing to grow; costs are under firm control; a number of new world-class clients in both Australia and Japan have chosen Spike. We believe Spike is poised to make an important positive contribution to the Group's results going forward into 2002.

Fees from fund management activity were lower in the third quarter, due to the reduced net asset value of one of the funds. However, we are continuing to invest cautiously to take advantage of historically low valuations of some well-managed companies.

We have consolidated our Hong Kong office premises to reduce costs going forward, and made some savings in personnel expenditure.

The business remains financially sound, with sufficient cash balances (US$22.6 m) in techpacific.com and US$68m of still un-invested resources within our funds under management. We have no borrowings and foresee a significant decrease in the amount of cash likely to be needed to support the development of Spike.

A more detailed analysis of the results is as follows:

(US$000)	**techpacific.com excluding Spike Q3 2001**	**Spike Q3 2001**	**techpacific.com Consolidated including Spike Q3 2001**	**techpacific.com Consolidated including Spike Q2 2001**
Revenue	792	2,124	2,916	2,294
Operating expenses	(1,857)	(3,669)	(5,526)	(5,633)
Operating loss before depreciation, amortisation, provision and write-off/back	(1,065)	(1,545)	(2,610)	(3,339)
Amortization of goodwill	(1,769)	–	(1,769)	(988)
Depreciation	(150)	(339)	(489)	(534)
Write back/(Amortization) of intellectual property	–	73	73	(108)
Fixed assets written off	(171)	(358)	(529)	(83)
Provision for impairment loss in fixed assets	(342)	–	(342)	–
Write back of losses of associates upon deemed disposal	–	–	–	156
(Provision)/Write back for doubtful debts	(735)	51	(684)	(914)
Provision for impairment in investments	(8,884)	–	(8,884)	(6,092)
Share of losses in associates	(82)	48	(34)	(164)
Loss after tax	(13,198)	(2,070)	(15,268)	(12,066)
Minority interest	127	848	975	1,525
Net loss attributable to shareholders	(13,071)	(1,222)	(14,293)	(10,541)

Provision for impairment in investments

Investments held by the Group (including techpacific.com's participation in funds under its management but excluding the investment in Spike) have been written down during the quarter by an additional US$8.9 million. This brings the total write-down for the year to US$17.9 million, representing 81% of original investment cost. We believe our provisioning this quarter and previously has been conservative and very fully reflects the diminution in value caused by even the ultra-harsh conditions which prevail at this time.

In deciding on any impairment on the carrying value of investments, the Company satisfies itself that the investee companies are not expected to have going concern problems in the foreseeable future and that the investee companies are either profitable or achieving milestones as set out in business plans that have been pre-agreed with the Company. Where the Company considers investee companies to have going concern problems, provisions are made based either on latest valuations, as these appear in actual recent fund raising exercises or based on the company's estimates including the valuations of like businesses. In certain other occasions deemed appropriate, the Company will also look at the liquidation value of investee companies.

Outlook

It is extremely difficult to predict how long the present "winter" in global economic activity, and market sentiment towards investment in technology ventures, is going to last. Our business planning and positioning assumes that it could be quite a long time before activity and valuations recover significantly.

In this climate, our strategy remains to contain costs and minimize cash outflow and operating losses, while looking for opportunities to consolidate our leading position in Asia as an independent provider of high quality corporate finance advisory and capital-raising services for technology companies, together with venture capital fund management.

The current harsh market conditions are throwing up opportunities to acquire companies and recruit talented individuals at much more reasonable cost than has been possible for many years. We plan to take selective advantage of such opportunities. Two new staff members were recently hired to supplement our capital markets and fund-raising capability. We are also engaged in raising a fund specifically targeted at undervalued situations (among both listed and unlisted companies) in the technology sector in Asia.

At the same time, we propose to take advantage of the present market, and of the experience and relationship network of our senior management team, to expand our corporate finance advisory business beyond the technology sector. This is intended to broaden and increase our revenue stream. In this context we have agreed to acquire Crosby Asia Holdings Ltd, a Singapore-based firm with an established regional franchise and reputation in corporate finance and asset management. This will become a platform for broadening our range and sectoral coverage of investment banking and fund management services.

DISCLOSURE OF INTERESTS

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

As at 30th September 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	107,957,606	–	–	–
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	–

Note 1: TW Indus Ltd. held 188,208,147 Shares since the initial public offering in April 2000. Ilyas Tariq Khan beneficially wholly owned TW Indus Ltd..

Note 2: ECK & Partners Limited held 325,290,000 Shares since the initial public offering in April 2000. 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 since the initial public offering in April 2000. 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 since the initial public offering in April 2000. 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

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 September 2001, options to subscribe for an aggregate of 350,648,679 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 11,059,860 options granted to two employees of the Company who resigned from the Company during the period. Details of options granted and, as at 30th September 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 September 2001, no options granted pursuant to the Pre-IPO Share Option Plan were exercised.

(ii) Share Option Scheme

During the period from 1st July 2001 to 30th September 2001, no 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 July 2001 to 30th September 2001, no option granted pursuant to the Share Option Scheme was exercised.

During the period from 1st July 2001 to 30th September 2001, seven employees of the Company holding an aggregate of 26,311,500 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.

As at 30th September 2001, options to subscribe for an aggregate of 140,119,585 ordinary shares of US$0.001 each in the Company pursuant to the Share Option Scheme were outstanding.

Save as disclosed above, during the three months ended 30th September, 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 September 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 currently in issue (%)
Ilyas Tariq Khan *(Note 1 & 4)*	593,492,223	23.72
ECK & Partners Limited *(Note 2 & 4)*	325,290,000	13.00
tekbanc.com Limited *(Note 3 & 4)*	302,055,000	12.07

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.

Note 4: The total number of shares outstanding as at 30th September 2001 is 2,502,577,245.

Save as disclosed above, the directors are not aware of any other persons who were, as at 30th September 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 as at 30th September 2001 are as follows:–

Shareholder	Number of Shares	Percentage Of issued Share Capital %	Number of Shares Under Option
Jose Roy Hernandez Borromeo	84,651,027	3.38	17,961,550
Ali Jehangir Siddiqui*	53,238,950	2.13	6,425,820
Softbank Internet Fund	79,691,403	3.18	–
SOFTVEN NO. 2 Investment Enterprise Partnership	40,954,011	1.64	–

* *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 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.

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 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 Alec Tsui, 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.

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

During the three months ended 30th September 2001, the Company did not sell or redeem any of the Company's listed securities.

By Order of the Board
Robert John Richard Owen
Chairman

Hong Kong, 6th November 2001