iAsia Technology Limited

(incorporated in Hong Kong with limited liability under the Companies Ordinance)

2001 Annual Report

Building Asia's Financial Trading Network

@sia

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK 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 Stock 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 companies.

The Stock Exchange takes no responsibility for the contents of this document, 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 document.

This document, for which the directors of IASIA TECHNOLOGY LIMITED collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to IASIA TECHNOLOGY LIMITED. The directors of IASIA TECHNOLOGY LIMITED, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this document 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 document misleading; and (3) all opinions expressed in this document have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

Table of Content

Corporate Information

Executive Directors	Dr. HO Hung Sun, Stanley Mr. CHENG Kar Shing, Peter Dr. LEE Jun Sing Mr. FUNG Wing Cheung, Tony Mr. HO Yau Lung, Lawrence Mr. YUEN Tien Yau, Gordon Mr. KO Chun Fung, Henry
Non-executive Directors	Mr. FUNG Hoo Wing, Thomas Ms. LEONG On Kei, Angela
Independent non-executive Directors	Mr. TSUI Yiu Wa, Alec Attorney PATAJO-KAPUNAN, Lorna
Registered office, head office and principal place of business	Suite 5311 The Center 99 Queen's Road Central Central Hong Kong
Company homepage/website	http://www.iasiatechnology.com
Company secretary	Mr. WONG Kwok Tung, Gordon, *CA, AHKSA*
Qualified accountant	Ms. AU Yin Chun, Grace, *FCCA, AHKSA, CPA (Australia)*
Compliance officer	Mr. YUEN Tien Yau, Gordon
Audit committee	Mr. TSUI Yiu Wa, Alec Attorney PATAJO-KAPUNAN, Lorna
Authorised representatives	Mr. KO Chun Fung, Henry Dr. LEE Jun Sing
Principal bankers	Dao Heng Bank Limited 11th Floor, The Center 99 Queen's Road Central Central Hong Kong The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Central Hong Kong

Share registrar and transfer office	Abacus Share Registrars Limited 5/F, Wing On Centre, 111 Connaught Road Central Central Hong Kong
Stock Code	8101

Results for the quarter ended	30 September, 2001 (Q4) HK$'000	30 June, 2001 (Q3) HK$'000	31 March, 2001 (Q2) HK$'000	31 December, 2000 (Q1) HK$'000
Turnover	**1,885**	**1,241**	**396**	**112**
Cost of services	(1,277)	(1,203)	(1,099)	(898)
Gross profit / (loss)	**608**	**38**	**(703)**	**(786)**
Other revenue	324	628	87	127
Staff costs *(Note a)*	(3,456)	(4,082)	(3,739)	(3,361)
Other operating costs *(Note b)*	(1,302)	(1,343)	(1,243)	(1,147)
Provision for receivables *(Note c)*	(3,907)	–	–	–
EBITDA *(Note d)*	**(7,733)**	**(4,759)**	**(5,598)**	**(5,167)**
Depreciation	(1,777)	(1,212)	(1,103)	(947)
Operating loss	**(9,510)**	**(5,971)**	**(6,701)**	**(6,114)**
Finance costs	–	–	(71)	(13)
Loss for the period	**(9,510)**	**(5,971)**	**(6,772)**	**(6,127)**

Results for the year / period	Year ended 30 September, 2001 HK$'000	Period from 24 September, 1999 (date of incorporation) to 30 September, 2000 HK$'000
Turnover	**3,634**	4,146
EBITDA *(Note d)*	**(23,257)**	(9,553)
Depreciation	**(5,039)**	(980)
Finance costs	**(84)**	(29)
Loss for the year / period	**(28,380)**	(10,562)

Assets and Liabilities	**30 September, 2001 HK$'000**	30 September, 2000 HK$'000
Total assets	**60,737**	29,930
Total liabilities	**6,190**	6,092
Bank balances and cash	**37,926**	627
Shareholders' funds	**54,547**	23,838

Notes:

(a) Staff costs shown above are net of (i) direct staff cost charged to cost of services and (ii) work performed by the Group and capitalized under fixed assets.

(b) Other operating costs include marketing, general and administrative expenses.

(c) Provision for receivables were made for sake of prudence (please refer to "Management discussion and analysis" of this annual report for further details).

(d) EBITDA, is earnings before interest, taxation, depreciation and amortisation, and after provision for receivables of approximately HK$3,907,000 made in Q4 (please refer to "Management discussion and analysis" of this annual report for further details).

The financial year ended 30 September, 2001 has been an aggressive and prolific year to iAsia Technology Limited (or "iAsia") and its subsidiaries (collectively, the "Group"). In April 2001, the Group successfully sought a listing status on GEM, raising a net proceeds of over HK$51 million. Since its listing, the Group grew rapidly under a strong brand identity. The professional technology and management team have also accomplished its aim to enhance the Group's capacity in offering a full range of products and value added services to brokers. All these have worked towards the goal of generating more new business and recurring income to the Group, while helping the brokers to prepare for the new challenges and stay competent in the changing market.

During the year, the Group initiated a number of major corporate actions to strengthen its leading position. The earlier ones were the acquisitions of a self-developed back office system from China Rise Consultants Limited ("China Rise") and also an advanced Broker Supplied System from Bostonian Investments Limited. The acquisitions have brought immediate benefits to the Group by shortening its strategy time frame and saving on its resources allocated to software research and development, enriching the Group's product range and help the Group expand its customer base. The more recent corporate action was the acquisition of CFN Hongkong Limited and CFN (UK) Limited (collectively, the "CFN companies" or the "CFN acquisitions"), which, with its established presence in the United Kingdom, is expected to help the Group expand its cross border activities and to increase its exposure in the European market. On top of its well established technology and business network, the CFN acquisitions also bring to the Group strategic partners and help position iAsia in order to be competitive in the financial trading industry.

Apart from the above strategic moves, the Group continues to implement tight controls over its costs and ensures that resources are deployed in the most efficient and cost-effective manner. Some of these measures include revisiting the operating relationship and business terms with existing and potential strategic partners; terminations have been made in certain cases, which management believe, are in the best interest of the Group.

In spite of the global and local economic downturn and the consolidating brokerage market, the Group was able to make substantial growth in revenue steadily throughout every quarter. Though the Group has experienced a direct impact on its application service provider ("ASP") revenue model resulting from the decline in transaction volume of brokers conducted online, there is a rising demand from brokers in procuring their own trading facilities. In response to the market needs, the Group has adjusted its original ASP revenue model and put emphasis on sales. These once-off sales not only help to boost the Group's revenue and generate quicker cash flow, but also create a steady flow of after-sales service income generated from system customization, network support and maintenance services, additions of differentiating features, etc.

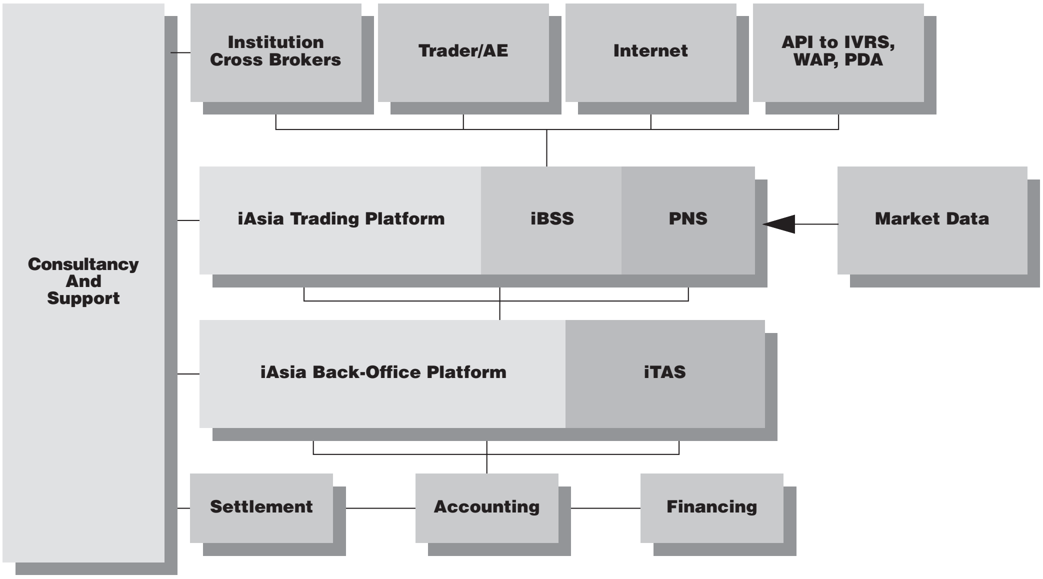
Looking forward, the Group will consolidate the assets related to the management skill, knowledge and technical know-how specific to the financial trading industry. These valuable assets help the Group to deliver high quality solutions to brokers in a more efficient way and are supported with professional expertise, which brokers have found crucial in running brokerage business within the current competitive environment and economy. We believe that the corporate actions were strategically committed at the right time as the price for these investments were expected to be much higher when economy recovers.

Despite recent changes in stock market sentiment, we believe the online stock trading market, particularly the PRC market, still has huge growth potential. iAsia is in a strong position to achieve market leadership given our shareholder backing, dominant brand and access to potential industry consolidation opportunities. To achieve this, the Group will place increasing emphasis on PRC-related investments and acquisitions to accelerate its future growth. Through our shareholders' support and the attractiveness of the Group's brand, we have access to a number of potentially exciting investment opportunities.

In the volatile market environment anticipated for the coming year, we shall continue to place special emphasis on containing operating costs. We believe that with the continued commitment to striving for the best and the most innovative and professional services, we have a strong foundation to move forward and face the challenges ahead.

On behalf of the Directors, we would like to extend our thanks and appreciation to all management and staff members for their hardwork and dedication throughout the past year and their passion towards the Group. We also wish to express our gratitude to shareholders for their confidence in us and their continued support to our team.

Henry Ko/Gordon Yuen
Co-CEO
18 December, 2001



The Group is principally engaged in the provision of comprehensive real time online trading solutions to brokers and other financial institutions in the Pan-Asian region. The Group provides to brokers and financial institutions a comprehensive front and back office solution providing pre-trade market data and analysis, straight through processing of orders and trades and automated trade clearing and settlement.

iBSS

iBSS is a fully fledged front-office securities trading system for brokerages and financial institutions. It provides electronic order entry, order and trade management, price quote data, portfolio management, credit and risk management, programmed trading and routing of orders. iBSS has been developed and matured using assured technology that facilitates the trading operation in a flexible, reliable and high-speed manner to meet the exacting demands of today's trading environment. iBSS is an integrated solution offering real-time interconnectivity with the back-office system, sub-branch terminals and third party order routing network to provide fully automated global market connectivity. An Internet Module extends the rich functionality to investors using the Web and other multi-media, bringing them a trading experience including order and portfolio management, real-time feeds, charting tools and account management. Service continuity is assured by high availability clustering architecture and disaster recovery configurations. A complete solution available for securities companies is using the integrated iBSS and iTAS - iAsia's back-office solution. iBSS is also designed to integrate with and complement other third party back-office systems through real-time message layers with minimal customization. Thus providing an easy solution for brokers with existing systems in place.

iTAS

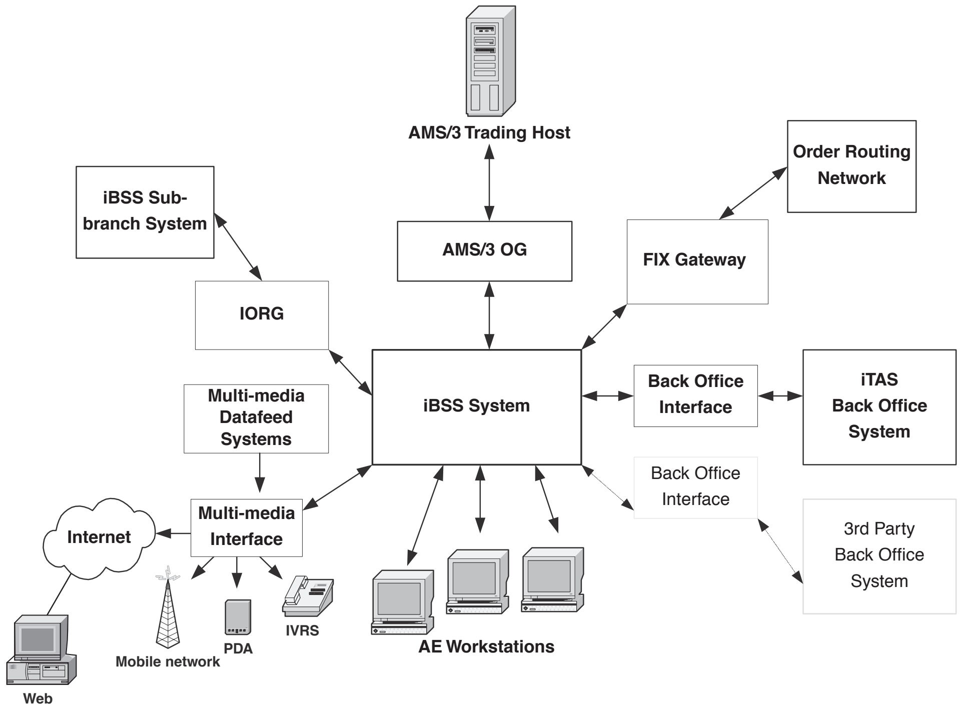
iTAS is a comprehensive back-office solution for real-time transaction processing, clearing, settlement, custody, reconciliation and depository links for global markets. iTAS supports a wide range of financial instruments, including international equities, warrants, bonds and unit trusts. It is integrated with the Company's trading front office system to provide a complete real-time straight through processing ("STP") trading solution for most of the brokerage houses. It offers a broad range of functional support for principal and agency business, collateral management, investment banking and treasury. It is a modularin architecture with different modules (securities, futures, options, margin FX and asset management) running on top of the core module to offer a true multi-companies, multi-products, multi-exchanges and multi-currencies back-office system. It also has multiple and flexible inter-system connectivity to streamline every aspect of the trading operation flow. iTAS integrates seamlessly with iAsia's trading front ends (iBSS & PNS) providing all the critical information for real-time credit and risk management for STP trading. It also has interfaces with the clearing and settlement authorities such as CCASS, SWIFT and with certain banks' electronic online payment systems for electronic fund transfer. It also links with popular accounting packages to minimize human resources and manual errors on exchanging the accounting data.

PNS

Proprietary Network System, also known as "PNS", is a low cost internet trading solution integrated with HKEx's ORS and MWS. The Group's PNS has a bilingual interface providing real-time streaming market data, all AMS/3 supported order types, real-time order management, and other value-added market information such as analysis charting and detail listed company database. The PNS is fully integrated with iAsia's back-office system, iTAS to provide a user portfolio management over internet - a feature unique to the iAsia product.

Teletext

The Teletext service offered by the Group provides real time streaming market data to investors and broker houses via internet or leased lines. The comprehensive data content in the Teletext service includes market quotes, broker queues, analysis, charting, market news, research and commentary, etc. The product and the information contained is particularly useful to the professional trader or casual investors to support their trading decision making. The Teletext is integrated with the Group's iBSS internet trading platform and the PNS to provide the users with an all rounded trading product.



The following is a comparison of the actual business progress as measured against the statement of business objectives set out in the prospectus of the Company dated 23 March, 2001 ("Prospectus") for the period from 19 March, 2001 to 30 September, 2001. Management of the Group reviews its business objectives and strategies on an ongoing basis and makes adjustments as necessary.

Business objectives as stated in the Prospectus	Actual business progress up to 30 September, 2001
1. Market penetration	
Increase ASP market share on the Hong Kong online securities trading market.	ASP market share on the Hong Kong online securities trading market has increased. Number of brokers using the Group's various products has increased during this year in Hong Kong after the launch of AMS/3 of the Stock Exchange.
Scheduled to launch ASP services for markets as follows: April 2001 - Taiwan, The Philippines. May 2001 - Singapore, Thailand.	Decline in market sentiment and political confidence had great impact in these areas. New project investment from brokerage industry has slowed down considerably. The management of the Group shares the same strategy as the brokerage companies and adopts a more prudent strategy on launching the ASP services in these areas.
September 2001 - the PRC	Due to the global economic downturn, more caution has been applied to start ASP services in the PRC. More market studies and research are being performed before determining the timing and the business model for launching the service. At the same time the Group is negotiating with several companies in the PRC to form joint ventures or strategic alliances on co-developing the PRC market so as to reduce the risk of developing the PRC market by the Group alone.

2. Strategic alliance

Seek potential strategic alliance for the PRC market.	The Group actively pursues potential strategic alliances for PRC market.
Continue evaluation and strengthening of existing strategic relationship.	During the period, the Group has terminated the relationship with certain strategic partners due to the under performance by the concerned partners. The Group is also evaluating some potential new strategic partners which have stronger industry relationship and/or better technical advancement.
Continue negotiations with potential partners for setting up joint venture entities in each of the overseas target markets.	Due to the economic downturn in most of the target markets, the plan for setting up joint venture entities in overseas target markets is now pending until the market conditions of those markets improve.
Continue negotiations with brokerages in the PRC to form strategic alliance.	Negotiations with a number of potential partners are currently underway for joint venture opportunities to expand to the PRC market.
Continue negotiations with existing partners for two-way cross border trades in Japan and other opportunities.	Development on two-way cross border trading in Japan is postponed due to the gloomy economy in Japan and globally.
Identify potential partners and commence negotiations for strategic alliances for Phase IV markets - South Korea, Japan, India and Indonesia.	Expansion in these areas is postponed due to global economic downturn.

3. ASP services

Explore other ASP models to meet the specific needs of brokers/local market.	New charging models and new services have been introduced to meet different clients' needs and situations for various securities companies. For instance, installment payment plan, network support and security configuration services, etc.

Expect to launch ASP services in Taiwan for domestic trades and cross border trades for Taiwanese investing on the overseas stock markets in April 2001.	A slow down in Taiwan economy has affected the launching of the domestic and cross border trades for the Taiwan market. The provision of such services has been postponed and expected to be launched in 2002.
Continue customization and localization of trading platform functionalities to suit market needs.	Ongoing customization of the trading platform functionalities to cater for the local market needs.
Provide integration services to the brokers for other applications such as personal financial management, client relationship management.	Provide integration services to other applications, as part of the customization, to individual brokers for their particular needs.
Develop software link to all regional exchanges.	Software development linking to regional exchanges other than Hong Kong has been pending due to the slow down of the economy, thus the Group has concentrated its resources on the development of AMS/3 linking of Hong Kong market.

4. Access devices

Develop other access channels, such as, web TV, interactive television, personal digital assistant ("PDA"), etc.	Due to the slow down of the market, securities companies are cautious to roll out new trading platform and channels. Development on the new access channels is temporary pending to be in line with the strategies of the brokers.
Develop more wireless application protocol ("WAP") application and enhance wireless online securities trading with regional cellular operators.	Regional business development has been pending due to the slow down of the economy in the Pan-Asian region.

5. Content development

Continue to develop financial contents for Hong Kong brokerages from various content providers.	In order to efficiently manage the cost effectiveness on content development, some content providers' contracts have been terminated while others which are proved to be popular items have been introduced.
Continue to develop regional syndications of financial information content.	Due to the decrease in the demand of regional financial information content as a result of the market slow down, the development on such content is pending.
Reselling content to brokers' websites.	Content reselling to brokers' websites is one of the active sales activities to the Group's existing clients and to the potential clients.
Continue to develop syndications of financial information content on a global scale.	Due to the decrease in the demand of global financial information content as a result of the market slow down, the development on such content is pending.

6. Research and development

Continue to enhance software for localisation and customisation for each of the overseas target markets.	Development to other overseas target markets has been pending due to the slow down of the economy in the region.
Define requirements for knowledge management system.	Requirements for knowledge management system have been defined and the Group has been studying the processes on improving the quality of management information and enhancing the software development and implementation methodology.
Commence development of value added services e.g. programmed trading.	Programmed trading in the BSS platform has been developed and the Group will continue to enhance other value added features in the BSS platform.

Set up a software development workshop in the Philippines.	Plan for setting up software development workshop in the Philippines market has been pending due to the political stability issues in Philippines.

Use of proceeds

The net proceeds raised from the initial listing of the shares of the Company on GEM on 9 April, 2001 were approximately HK$51 million. The net proceeds have been applied to achieve the business objectives as set out in the Prospectus and detailed below:

For the period from April 2001 to September 2001

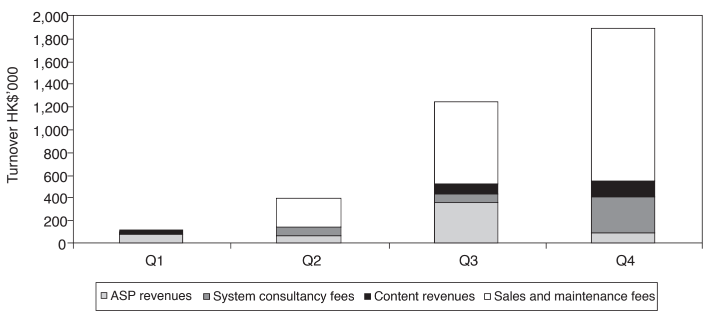
	Actual HK$ million
Enhance infrastructure development	5.1
Research and development to expand capacity to deliver services	5.4
Explore synergistic acquisition and investment opportunities	1.1
General working capital	1.5
Total	13.1

The financial year ended 30 September, 2001 was characterized by unprecedented pressures on the brokerage clients who are facing a consolidation of the industry in light of the expected deregulation of commission and further challenges from an increasing emphasis by banks to offer securities brokerage service. In addition, the slow down of the global economy has had a direct impact on the securities industry. Although the Stock Exchange has now launched its AMS/3 trading system in February 2001, the volume of transactions was low due to the slow down of the global economy. Spending on information technology was reduced as many players took a more cost cautious approach.

Turnover

Despite the global and local economic downturn, the Group was able to continue its record of substantial growth in revenue in each of the four quarters during the financial year ended 30 September, 2001.

Turnover, by quarter, 2000-2001



Notes:

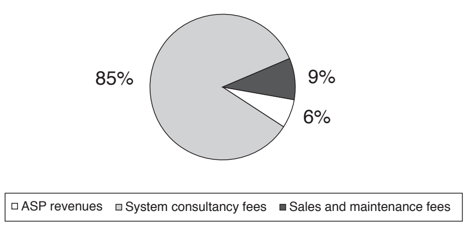
- *ASP revenues comprise hook up fees, messaging fees, data management and hosting fees*
- *System consultancy fees comprise system customization fees and network support fees*
- *Content revenues comprise content management and subscription fees*
- *Sales and maintenance fees comprise sales of trading and back office systems and maintenance fees*

The revenue growth achieved from quarter to quarter was primarily due to the ability of the Group to offer a full range of products and services to its brokerage customers. In February/March 2001, the Group has successfully completed and launched its own front-end trading system and PNS. In May 2001, the Group acquired all proprietary and intellectual property rights of a financial trading (including futures and foreign exchange) back office system which was developed by China Rise, a third party software provider. The China Rise acquisition also brings the Group an extended customer base.

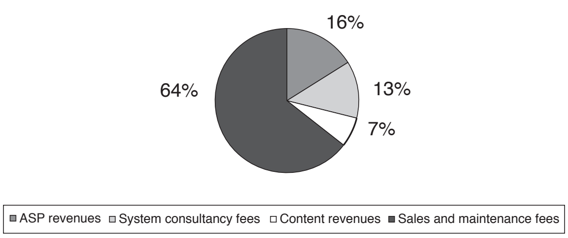
Nonetheless, the Group's total turnover for the financial year ended 30 September, 2001 amounting to approximately HK$3.6 million represents a decrease of 12% compared to the period from 24 September, 1999 to 30 September, 2000. The decline was a result of the unfavorable market environment that has slowed down the capital spending in most industries. On the other hand, the fluctuation was caused by the adoption of a prudent revenue recognition policy by the Group. Sales and system consultancy fees are recognized in the profit and loss account only upon the satisfactory delivery and completion of installation and customization work. There were a number of major system customization projects completed in the last quarter of the period ended 30 September, 2000. As at 30 September, 2001, the Group had contracts on hand for sales and system customization work amounting to approximately HK$3.4 million, which will be booked as revenue upon the successful delivery of systems and services. Moreover, the new customers acquired from China Rise will also bring additional cross-selling opportunities to the Group. For instance, original customers of China Rise mainly used the back office system and the Group's customers mainly focused on iAsia's front office trading systems. It is expected that these single-product customers will soon become multi-product customers so as to enjoy the benefits from the one-stop shop services offered by the Group.

During the year, management had also adjusted the Group's business model. In order to capture greater market share and to strengthen the revenue stream, management has put more emphasis on sales, rather than the original ASP model. The new model not only generates once-off sales income for the Group but also a recurring income from the Group's after sales services, including annual maintenance services, system upgrades and customer support services, which help to boost the Group's revenue. During the financial year ended 30 September, 2001, sales and maintenance fees accounted for 64% of the Group's total turnover compared with a mere 9% for the period from 24 September, 1999 to 30 September, 2000. The chart below illustrates the turnover composition.

Turnover, by activity 1999-2000



Turnover, by activity 2000-2001

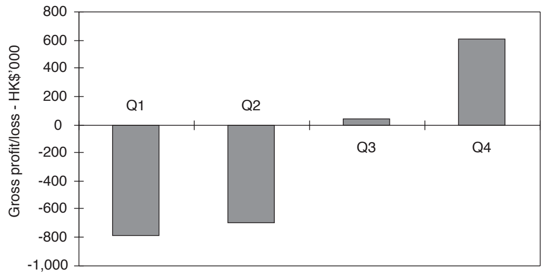


Notes:

- *ASP revenues comprise hook up fees, messaging fees, data management and hosting fees*
- *System consultancy fees comprise system customization fees and network support fees*
- *Content revenues comprise content management and subscription fees*
- *Sales and maintenance fees comprise sales of trading and back office systems and maintenance fees*

Gross profit/loss

The turnover activities began making contributions to operating results starting from Q3. Management expects that sales, system customization and maintenance services will continue to contribute to operating results in the coming years.



Gross profit/loss, by quarter

Operating expenditure

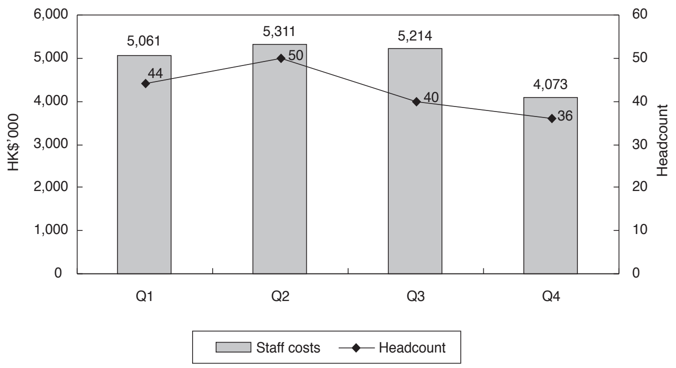
To cope with the changing operating environment, management critically reviewed headcount policy and imposed a tighten control over operating costs.

Of the Group's total operating expenditure (excluding provision for depreciation and receivables), staff costs continued to represent the largest component of the total operating expenditure. The total staff costs grow by approximately HK$8.5 million or 76% to approximately HK$19.7 million in the financial year ended 30 September, 2001 from approximately HK$11.2 million for the period from 24 September, 1999 to 30 September, 2000. The increase was primarily due to the rise in headcount gradually since the start up of business in 1999. The number of headcount reached its peak in March 2001 due to the increase in technical staff for completion of software development and timely delivery of solutions to clients to prepare for the launching of AMS/3 by the Stock Exchange. The higher staff numbers also led to higher rental and related office administrative expenses. However, effective control of all operating costs continued, for instance, in May 2001 upon the expiry of the lease of the Group's research and development center in Pottinger Street, Central, all technical staff was relocated to the Group's head office in the Center, thus cutting further rental and administrative expenses. As a result, the total rental and staff related costs for the financial year ended 30 September, 2001 was contained within similar levels to the period from 24 September, 1999 to 30 September, 2000.

With the successful completion and launching of its front-end trading system and PNS in February / March 2001, management has significantly reduced the headcount to ensure a lean and fully productive organization. As the benefits of the downsizing are partly offset by the increase in final leave pay during the period of staff cuts, management believes that the full benefits are yet to be reflected in the coming year's profit and loss account.

The headcount and total staff costs by quarters are illustrated in the chart below:

Headcount and staff costs in 2000-2001



Note: *The total staff costs include direct staff cost charged to cost of services and work performed by the Group and capitalised under fixed assets.*

Depreciation

Depreciation expenses increased from approximately HK$1 million for the period from 24 September, 1999 to 30 September, 2000 to approximately HK$5 million in the current financial year. The increase was principally due to the completion of the development of and the launching of the Group's front-end trading system and PNS in early 2001 and the additional software products acquired during the year.

Provision for receivables

A provision of approximately HK$3.9 million in the current year comprises provision for long outstanding trade receivable amounting to approximately HK$1.0 million and provision for receivables amounting to approximately HK$2.9 million as a result of the termination of services with two software providers.

The provision of approximately HK$1.0 million represents a trade receivable from a customer in the Philippines which was long outstanding. Management is uncertain whether the amount will ultimately be collected due to the sluggish economy of that country and consider that it's prudent to make provision against the receivable.

The provision of approximately HK$2.9 million in total were made for the deposits paid to two software providers of approximately HK$2.5 million and HK$0.4 million respectively in Singapore and the Philippines and whose services were terminated by the Group in July 2001 as a result of unsatisfactory performance / non-delivery of services. The Group has commenced legal action against the Singaporean company in October 2001 and propose to negotiate with the Philippines company with regard to the return of deposits paid. The Group has reserved its rights to take legal action at the appropriate time. In light of the current bad economy, management consider it is prudent to make provision against these receivables.

As a consequence of the various acquisitions made by the Group and through its own development, the Group now owns software and systems of equivalent or better specification than was to be provided by these two software providers. The Directors consider that there will not be any material adverse impact on the operations of the Group for terminating their services.

Financial position

The Group continues to be in a healthy financial position and ended the year with bank balances and cash of approximately HK$37.9 million without any bank borrowings.

Overseas expansion plan

Due to the sluggish global economy, management has critically reviewed its expansion plan and adopted a more prudent and conservative approach to investment projects and renegotiate with the existing and potential partners in each of the target markets for the best operating structure with a view to mitigating investment risks while achieving a reasonable return. As such, there will be a temporary delay in and / or some deviations from the business plan as stated in the Prospectus. Please refer to the section "Comparison of business objectives with actual business progress" of this annual report for further details.

On the other hand, the recent consolidation in the market provides good opportunities for acquisitions and the Group continues its efforts in identifying good investment projects. The latest effort was the acquisitions of CFN companies by way of issue of shares. The acquisitions bring to the Group immediate benefits from the established presence in overseas market and strategic partners with financial trading expertise, which help strengthen the Group's leading position in the relatively competitive online trading market. The acquisitions of the entire equity interest in these companies were completed on 5 December, 2001.

Future prospects

Since the Group is one of the pioneers involved in the provision of Pan-Asian cross border securities trading software application services, the business objectives of the Group are to dominate the cross border securities trading arena and to become a leader of the market. Management believes that the acquisitions of CFN companies have much synergies with the Group in this expansion strategy. In the year ahead, apart from exploring new business especially from cross-border activities, the Group will also focus on consolidating the assets relating to management skill and technical expertise specific to the financial trading industry. The Group has already embarked on program for cost saving, freezing headcount wherever possible and rationalizing its business structure with an aim to improve operation efficiency and ensuring all resources are deployed in the most cost effective manner, thus achieving the most synergies from the acquisitions and creating value to our shareholders.

Another strategic market that the Group will actively explore is the PRC online stock trading market. While the business outlook for markets like Taiwan, the Philippines and Thailand is still uncertain, it is expected that the PRC market will outperform the rest of the target markets. Its entry to the World Trade Organisation has presented great prospects especially in the financial markets. Through our shareholders' support and with the attractiveness of iAsia's brand, the Group has access to a number of exciting investment opportunities.

The Directors are pleased to present their report together with the audited accounts of iAsia Technology Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 30 September, 2001.

Principal activities

The principal activities of the Group were the provision of online trading solution to financial institutions in the Asia Pacific Region and investment holding. The activities of the subsidiaries are set out in note 13 to the accounts.

An analysis of the Group's turnover and contribution to operating profit/loss for the year/period by principal activities is as follows:

	Turnover		**Contribution to Operating profit/(loss)**	
	Year ended 30th September, 2001	Period from 24 September, 1999 (date of incorporation) to 30th September, 2000	**Year ended 30th September, 2001**	Period from 24 September, 1999 (date of incorporation) to 30th September, 2000
	HK$'000	HK$'000	**HK$'000**	HK$'000
Principal activities:				
Sales and maintenance	**2,338**	378	**353**	78
System consultancy	**461**	3,502	**(881)**	1,998
ASP	**585**	266	**(7,352)**	(58)
Content	**250**	—	**(1,157)**	—
	3,634	4,146	**(9,037)**	2,018
Other revenues			**18**	—
Interest income			**1,148**	195
			1,166	195

Principal activities (continued)

	Contribution to Operating profit/(loss)	
	Year ended 30th September, 2001 HK$'000	Period from 24 September, 1999 (date of incorporation) to 30th September, 2000 HK$'000
Unallocated costs		
Staff cost	**(14,638)**	(6,964)
Other operating costs	**(5,035)**	(4,802)
Depreciation	**(752)**	(980)
	(20,425)	(12,746)
Operating loss	**(28,296)**	(10,533)

An analysis of the Group's turnover by principal markets is as follows:

Hong Kong	**3,634**	2,989
The Philippines	**—**	1,157
	3,634	4,146

Results

The results of the Group for the year/period are set out in the consolidated profit and loss account on page 42.

Reserves

Movements in reserves of the Group and the Company are set out in note 16 to the accounts.

Fixed assets

Details of the movements in fixed assets of the Group and the Company are set out in note 12 to the accounts.

Share capital

Details of the movements in share capital of the Company are set out in note 14 to the accounts.

Distributable reserves

At 30 September, 2001, the Company had no distributable reserve calculated under section 79B of the Companies Ordinance (period ended 30 September, 2000: HK$Nil).

Purchase, sale or redemption of the Company's listed securities

The Company has not redeemed any of its shares during the year/period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year/period.

Directors

The Directors during the year and up to the date of this report were:

Executive Directors	
Dr. HO Hung Sun, Stanley	
Mr. CHENG Kar Shing, Peter	(appointed on 24 October, 2000)
Dr. LEE Jun Sing	
Mr. FUNG Wing Cheung, Tony	
Mr. HO Yau Lung, Lawrence	(appointed on 11 October, 2000)
Mr. YUEN Tien Yau, Gordon	(appointed on 24 October, 2000)
Mr. KO Chun Fung, Henry	
Non-executive Directors	
Mr. FUNG Hoo Wing, Thomas	
Ms. LEONG On Kei, Angela	(appointed on 9 November, 2000)
Mr. IMUTA Hitoshi	(appointed on 9 November, 2000 and resigned on 14 September, 2001)
Independent non-executive Directors	
Mr. TSUI Yiu Wa, Alec	(appointed on 9 November, 2000)
Attorney PATAJO-KAPUNAN, Lorna	(appointed on 9 November, 2000)

In accordance with Article 101 of the Company's Articles of Association, at the forthcoming annual general meeting, four Directors, namely, Dr. Lee Jun Sing, Mr. Fung Hoo Wing, Thomas, Mr. Ko Chun Fung, Henry and Mr. Fung Wing Cheung, Tony, who have been longest in office since their last election, shall retire from office provided that all these retiring Directors shall be eligible for re-election.

Directors' service contracts

Each of Mr. Yuen Tien Yau, Gordon, Mr. Ko Chun Fung, Henry and Mr. Ho Yau Lung, Lawrence has entered into a service agreement with the Company. Particulars of these contracts, except as indicated, are in all material respects identical and are set out below:

— each service contract is of three years duration commencing on 1 April, 2001 and shall continue thereafter until terminated by either party giving to the other not less than three months' prior written notice, such notice to expire upon or after the initial term of three years;

— the monthly salary for each of Mr. Yuen Tien Yau, Gordon, Mr. Ko Chun Fung, Henry and Mr. Ho Yau Lung, Lawrence for the period from 1 April, 2001 to the 30 September, 2001 was be HK$90,000, HK$90,000 and HK$50,000 respectively. After being reviewed by the board of Directors, the salary of Mr. Ho has been increased to HK$85,000 with effect from 1 October, 2001 while the respective salaries of Mr. Yuen and Mr. Ko currently remain unchanged. The monthly salary of each of such Directors shall be reviewed annually by the board of Directors provided that the rate of increment shall not be more than 70% of the then monthly salary of such Director for the preceding period;

— each of Mr. Yuen Tien Yau, Gordon, Mr. Ko Chung Fung, Henry and Mr. Ho Yau Lung, Lawrence is entitled to such management bonus by reference to the operating results of the Group and the performance of the Director as the board of Directors may approve;

— an end-of-year bonus in the sum equal to the Director's then one month's salary to be payable on the last day of December of each year during the term of the service agreement provided that if the appointment is terminated prior to the last day of December, the Director shall only be entitled to a proportionate part of such end-of-year bonus in respect of the period of service during the relevant year up to the date of termination; and

— each such Director shall abstain from voting and not be counted in the quorum in respect of any resolution of the board of Directors regarding the amount of annual salary and management bonus payable to himself.

Save as disclosed above, none of the Directors has entered into any service agreements with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

Directors' interests in contracts

No contracts of significance in relation to the Group's business to which the Group was a party and in which a Director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' and Chief Executives' interests in shares and options

(i) **Shares**

As at 30 September, 2001, interests of the Directors and chief executives of the Group in the shares of the Company (the "Shares") and in the share capital of any of its associated corporation pursuant to section 29 of the Hong Kong Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

		Number of Shares held			
Name of Directors	*Note*	**Personal**	**Family**	**Corporate**	**Other**
Dr. Ho Hung Sun, Stanley	*(1)*	–	–	73,846,513	–
Dr. Lee Jun Sing	*(2)*	–	–	62,997,029	–
Mr. Ko Chun Fung, Henry	*(3)*	–	–	60,433,722	–
Mr. Yuen Tien Yau, Gordon	*(3)*	–	–	60,433,722	–
Mr. Cheng Kar Shing, Peter	*(4)*	–	–	52,809,819	–
Mr. Fung Hoo Wing, Thomas	*(5)*	–	–	52,809,819	–
Mr. Ho Yau Lung, Lawrence	*(6)*	–	–	42,326,273	–
Mr. Fung Wing Cheung, Tony	*(7)*	–	–	36,378,847	–

Notes:

1. Dr. Ho Hung Sun, Stanley will be taken to be interested in 73,846,513 Shares as a result of him being beneficially interested in 65% of the issued share capital of Bailey Development Limited which in turn holds approximately 16.4% of the issued share capital of the Company.

Directors' and Chief Executives' interests in shares and options (continued)

2. Dr. Lee Jun Sing will be taken to be interested in 62,997,029 Shares as a result of him being beneficially interested in the entire issued share capital of Best Summit International Limited which in turn holds approximately 14.0% of the issued share capital of the Company.

3. Mr. Ko Chun Fung, Henry will be taken to be interested in 60,433,722 Shares as a result of him being beneficially interested in 51% of the issued share capital of Capital Speed Limited which in turn holds approximately 13.4% of the issued share capital of the Company. Mr. Yuen Tien Yau, Gordon will also be taken to be interested in 60,433,722 Shares as a result of him being beneficially interested in 49% of the issued share capital of Capital Speed Limited. The 60,433,722 Shares represent the same interest held by Capital Speed Limited and are therefore duplicated between Mr. Ko Chun Fung, Henry and Mr. Yuen Tien Yau, Gordon.

4. Mr. Cheng Kar Shing, Peter will be taken to be interested in 52,809,819 Shares as a result of him being beneficially interested in the entire issued share capital of Potassium Corp. which in turn is beneficially interested in 50% of the issued share capital of Newtop Limited which in turn holds approximately 11.7% of the issued share capital of the Company. The 52,809,819 Shares represent the same interest held by Newtop Limited and are therefore duplicated between Mr. Fung Hoo Wing, Thomas and Mr. Cheng Kar Shing, Peter.

5. Mr. Fung Hoo Wing, Thomas will be taken to be interested in 52,809,819 Shares as a result of him being beneficially interested in 33 1/3% of the issued share capital of Kateman International Ltd. which in turn is beneficially interested in 50% of the issued share capital of Newtop Limited which in turn holds approximately 11.7% of the issued share capital of the Company.

6. Mr. Ho Yau Lung, Lawrence will be taken to be interested in 42,326,273 Shares as a result of him being beneficially interested in the entire issued share capital of Golden Mate Co., Ltd. which in turn holds approximately 9.4% of the issued share capital of the Company.

7. Mr. Fung Wing Cheung, Tony will be taken to be interested in 36,378,847 Shares as a result of him being beneficially interested in the entire issued share capital of Megaland Development Limited, which in turn is beneficially interested in approximately 34.4% of the issued share capital of Yu Ming Investments Limited which in turn beneficially holds the entire issued share capital of Longson Limited and Longson Limited holds approximately 8.1% of the issued share capital of the Company.

Directors' and Chief Executives' interests in shares and options (continued)

(ii) **Directors' rights to acquire shares in the Company**

Pursuant to the share option scheme ("Share Option Scheme") adopted by the Company on 14 March, 2001, the Directors may at their discretion grant options to full-time employees and executive Directors of the Group to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated in the Share Option Scheme.

Pursuant to the Pre-IPO share options ("Pre-IPO Share Options") granted under the Pre-IPO share option plan ("Pre-IPO Share Option Plan"), certain Directors have interests in options to subscribe for shares in the Company as set out below. The options have a duration of approximately 4.5 years from the date on which the offer of grant was made.

Name of Directors	Date of grant	Exercise price	No. of shares subject to options outstanding as at 30 September, 2001	Expiry date
		HK$		
Dr. Ho Hung Sun, Stanley	6 April 2001	0.49	2,100,000	8 October, 2005
Dr. Lee Jun Sing	6 April 2001	0.49	8,961,458	8 October, 2005
Mr. Ko Chun Fung, Henry	6 April 2001	0.49	8,961,458	8 October, 2005
Mr. Yuen Tien Yau, Gordon	6 April 2001	0.49	2,822,916	8 October, 2005
Mr. Cheng Kar Shing, Peter	6 April 2001	0.49	2,100,000	8 October, 2005
Mr. Ho Yau Lung, Lawrence	6 April 2001	0.49	2,100,000	8 October, 2005
Mr. Fung Wing Cheung, Tony	6 April 2001	0.49	2,100,000	8 October, 2005

Directors' and Chief Executives' interests in shares and options (continued)

(ii) Directors' rights to acquire shares in the Company (continued)

Notes:

1. A summary of the major terms of the Pre-IPO Share Option are set out at pages 184-186 of the Prospectus.

2. The Pre-IPO Share Options can only be exercised by the grantees thereof in the following manner:

Commencing from	**Percentage of the Pre-IPO Share Options that can be exercised**
the business day immediately following the first six months of the commencement of the trading of the Shares on GEM	50%
the business day immediately following the first anniversary of the commencement of the trading of the Shares on GEM	100%

Other than as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

Other than as disclosed above, neither the Directors nor the chief executive, nor any of their associates, had any interests in any securities of the Company or any of its associated corporations as defined by the SDI Ordinance.

Substantial shareholders

So far as the Directors are aware, the register of substantial shareholders maintained by the Group pursuant to section 16(1) of the SDI Ordinance discloses the following companies and persons, other than a Director or a chief executive of the Company, as having an interest of 10% or more of the issued share capital of the Company as at 30 September, 2001 are as follow:

Name	*Notes*	Number of Shares	Percentage of issued share capital as at 30 September, 2001
Bailey Development Limited		73,846,513	16.4%
Best Summit International Limited		62,997,029	14.0%
Capital Speed Limited		60,433,722	13.4%
Newtop Limited		52,809,819	11.7%
Kateman International Ltd.	*(1)*	52,809,819	11.7%
Potassium Corp.	*(1)*	52,809,819	11.7%
Mr. Fung Ho Sum, Joseph	*(2)*	52,809,819	11.7%
Mr. Yeung Ming Kwong, Tony	*(2)*	52,809,819	11.7%

Notes:

1. These Shares are held by Newtop Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance, which is legally and beneficially owned as to 50% by Kateman International Ltd. and 50% by Potassium Corp..

2. These Shares are held by Newtop Limited which is owned as to 50% by Kateman International Ltd. and as to 50% by Potassium Corp.. Each of Mr. Fung Hoo Wing, Thomas, Mr. Fung Ho Sum, Joseph, and Mr. Yeung Ming Kwong, Tony beneficially owns or has control over 33 1/3% of the issued share capital of Kateman International Ltd. and was deemed (by virtue of the SDI Ordinance) to be interested in the Shares. These Shares represent the same interest and are therefore duplicate among Newtop Limited, Kateman International Ltd., Potassium Corp., Mr. Fung Ho Sum, Joseph and Mr. Yeung Ming Kwong, Tony.

Details of share options granted

(i) **Pre-IPO Share Options**

The Directors granted options to subscribe for an aggregate of 45,000,000 ordinary shares of HK$0.10 each in the Company pursuant to the Pre-IPO Share Options (as approved by the Directors on 14 March, 2001) and were outstanding. Details of options granted and as at 30 September, 2001, remaining unexercised under the Pre-IPO Share Option Plan remain unchanged as disclosed on page 186 of the Prospectus.

A summary of the major terms of the Pre-IPO Share Option Plan are set out at pages 184-186 of the Prospectus.

Note:

Movement of Pre-IPO Share Options

Pre-IPO Share Options *(Exercise price HK$0.49)*	**As at 9 April, 2001 No. of shares subject to options granted**	**Exercised**	**Cancelled**	**As at 30 September, 2001 No. of shares subject to options granted**	**No. of new shares arising therefrom**
Directors					
Dr. Ho Hung Sun, Stanley	2,100,000	–	–	2,100,000	–
Dr. Lee Jun Sing	8,961,458	–	–	8,961,458	–
Mr. Ko Chun Fung, Henry	8,961,458	–	–	8,961,458	–
Mr. Yuen Tien Yau, Gordon	2,822,916	–	–	2,822,916	–
Mr. Cheng Kar Shing, Peter	2,100,000	–	–	2,100,000	–
Mr. Ho Yau Lung, Lawrence	2,100,000	–	–	2,100,000	–
Mr. Fung Wing Cheung, Tony	2,100,000	–	–	2,100,000	–
Other senior management employees	15,854,168	–	(783,334)	15,070,834	–
	45,000,000	–	(783,334)	44,216,666	–

Details of share options granted (continued)

(ii) **Share Option Scheme**

Save for the Pre-IPO Share Options, no other options have been granted under the previous share option scheme of the Company adopted on 14 March, 2001 and which has been terminated on 29 November, 2001 or the new share option scheme of the Company adopted on 29 November, 2001 ("New Share Option Scheme").

A summary of the major terms of the New Share Option Scheme are set out at pages 76 to 85 of the circular of the Company dated 12 November, 2001.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of business of the Company were entered into or existed during the year.

Major suppliers and customers

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases	
— the largest supplier	20%
— five largest suppliers combined	61%
Sales	
— the largest customer	30%
— five largest customers combined	70%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

Board practices and procedures

The Company has complied with Board Practices and Procedures as set out in rules 5.28 to 5.39 of the Listing Rules, since listed on GEM.

Subsequent events

Details of the Subsequent events are set out in note 21 to the accounts.

Audit committee

The Company's audit committee was formed on 14 March, 2001 comprising the independent non-executive Directors of the Company, Attorney Lorna Patajo-Kapunan and Mr. Tsui Yiu Wa, Alec. The terms of reference of the audit committee have been established with regard to Rules 5.23 and 5.24 of the GEM Listing Rules.

During the year, the audit committee reviewed and commented on the Group's financial statements, interim reports and quarterly reports and provided advice and comments thereon to the Board.

On 14 December, 2001, the audit committee held meeting with external auditors and discussed certain financial matters and internal control matters of the Group during the year and commented on the Company's draft annual report for the year ended 30 September, 2001.

Competing interests

Each of the Directors and the initial management shareholders of the Company and their respective associates (as defined in the Prospectus and the GEM Listing Rules) has confirmed that, none of them had any business or interest in companies that competes or any compete with the business of the Group.

Sponsor's interest in the Company

Pursuant to a non-binding memorandum of understanding dated 4 July, 2000 and entered into between the Company and First eFinance Limited ("First eFinance"), a fellow subsidiary of First Shanghai Securities Limited (formerly known as First Shanghai Capital Limited), the parties have agreed to, among other things, enter into good faith negotiations with a view to concluding and executing such formal co-operation agreement(s) and other related documents containing provisions for, inter alia, the provision of services by the Company to First eFinance for the purpose of carrying out cross border securities trading transactions and the fee to be charged by the Company thereon. Services amounting to HK$278,431 has been performed and charged by the Company for the year ended 30 September, 2001 (period ended 30 September, 2000: HK$3,660).

As at 30 September, 2001, neither First Shanghai Securities Limited 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.

First Shanghai Securities Limited and the Company have entered into a sponsor's agreement, pursuant to which, First Shanghai Securities Limited will fulfil its continuing obligations as a sponsor under Rules 6.50 to 6.58 of the GEM Listing Rules for a period up to 30 September, 2003 subject to terms and conditions to be agreed between the parties thereto.

Auditors

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Lawrence Ho
Executive Director

18 December, 2001

Executive Directors

Dr. HO Hung Sun, Stanley, aged 80, joined the Group in February 2000. Dr. Ho is an outstanding entrepreneur in Asia. Dr. Ho holds various key positions in both Hong Kong and Macau. In Hong Kong, Dr. Ho is the group executive chairman and the founder of Shun Tak, the chairman of Melco International Development Limited and the president of The Real Esate Developers Association of Hong Kong. In Macau, he is the managing director of Sociedade de Turismo e Diversoes de Macau, S.A.R.L., vice-chairman of CAM - Macau International Airport Company Limited, chairman of Seng Heng Bank Limited and chairman of Macau Jockey Club.

Mr. CHENG Kar Shing, Peter, aged 49, joined the Group in October 2000. Mr. Cheng is a director of New World Development Co. Ltd., New World Services Ltd., NWD (Hotels Investments) Ltd., Macao Water Supply Co. Ltd. and Polytown Co. Ltd.. He is also an executive director of New World China Land Ltd. and New World Infrastructure Ltd.. Mr. Cheng joined the NWD Group in 1980 and is responsible for the business development and overall management of the Group. He has over 20 years of experience in property development and investment business. He is the brother of Dr. Cheng Kar-Shun, Henry, the managing director of NWD.

Dr. LEE Jun Sing, aged 55, joined the Group in January 2000 and is the co-founder with Mr. Ko Chun Fung, Henry. Dr. Lee graduated with a Doctor of Philosophy in Chemical Physics from the Indiana University, the United States, and did his postdotoral research at the Johns Hopkins University, the United States. In 1978, he became a director and general manager of Digitus Corporation in the United States. For the past 14 years, he has been the director of Globalwide Shipping Ltd., Vast Honour Development Ltd. and is now an executive director of isinolaw Limited.

Mr. FUNG Wing Cheung, Tony, aged 50, joined the Group in February 2000. Mr. Fung is the chairman of both Yu Ming Investment Management Limited and Yu Ming Investments Limited. He has over 25 years of experience in fund management, direct investments and the securities and finance businesses. He had been the vice chairman and member of the Council of the Stock Exchange and is a general committee member of Hong Kong General Chamber of Commerce and a member of the National Committee of the Chinese People's Political Consultative Conference.

Executive Directors (continued)

Mr. HO Yau Lung, Lawrence, aged 24, joined the Group in October 2000. Mr. Lawrence Ho is the son of Dr. Stanely Ho, the founder of the Shun Tak Group. Mr. Lawrence Ho graduated from the University of Toronto, Canada with a Bachelor of Arts degree, majoring in commerce. During Mr. Ho's employment at Jardine Fleming, he worked in the Asian derivative group, responsible for marketing and structuring of Asian derivative products and gained experience in advising overseas institutional investors and the high net-worth clients in Hong Kong on new investment products. Prior to that, Mr. Ho was an industry analyst at the credit risk management department of the Citibank Hong Kong, specializing in the industry analysis of the Hong Kong and China import/export trading industries. Apart from his directorship in iAsia, Mr. Ho is also an executive director of Melco International Development Limited, a company incorporated in Hong Kong and its shares listed on the Main Board of the Stock Exchange.

Mr. YUEN Tien Yau, Gordon (Co-Chief Executive Officer), aged 44, joined the Group as co-chief executive officer in September 2000. Mr. Yuen graduated from York University, Ontario, Canada with a Bachelor of Arts degree majoring in Administration. He has been an active keynote speaker for major financial and information conferences around the Asian region. Mr. Yuen was the chief executive of a London based Nasdaq listed technology company specialising in web-publishing, e-commerce and on-line transactions for financial and investment communities. He is one of the few pioneers in Hong Kong to provide software services to financial institutions under an ASP model. Mr. Yuen has also contributed to the success of a few major financial institutions and IT companies when he was a key managerial staff. Those companies include The Hongkong and Shanghai Banking Corporation Limited, American Express International, Inc. and American Express Bank.

Mr. KO Chun Fung, Henry (Co-Chief Executive Officer), aged 42, joined the Group as group managing director in December 1999 and is the co-founder with Dr. Lee. Mr. Ko received his undergraduate degree in engineering from Deakin University. In 1990, Mr. Ko received an Australian Postgraduate Course Award to study a master degree in business administration at the Australian Graduate School of Management. Being a veteran and pathfinder in the Asian telecom industry, Mr. Ko continues to be a key player in the field today. In 1993, Mr. Ko joined one of the most successful telecom companies in Hong Kong, Star Paging (Taiwan) Limited as a general manager. He was promoted to be an executive director of Star Telecom Group in 1996, and he spearheaded the company's PCS licence bidding which had led to a major success of the organization. Mr. Ko was responsible for the re-alignment of the Star Telecom Group, and had successfully procured joint venture agreements with Pacific Electric Wire and Cable, NTTI, ITOCHU, Ucom and Telecom Finland in the Asia Pacific region. In 1997, he founded Star Telecom Overseas (Cayman Islands) Limited, an independent associate company of the Star Telecom Group.

Non-executive directors

Mr. FUNG Hoo Wing, Thomas, aged 46, joined the Group in January 2000. Mr. Fung is a prominent businessman holding directorships for various private companies engaging in different industries including gem, interior decoration, real estate, and other finance related businesses. With the knowledge of precious stones gained during his 5 years' apprenticeship, Mr. Fung started to operate his own gem business in his early twenties and became a very successful expert in the gem industry. Subsequently, Mr. Fung diversified his business to include the real estate, interior decoration, as well as finance and commodity related businesses. His 26 years of experience in the finance field will certainly contribute to the success of the Company.

Ms. LEONG On Kei, Angela, aged 40, joined the Group in April 2000. Ms. Leong has been actively involved in public and community services in China, Hong Kong and Macau. Starting from 1993, her success from being elected to be a member of the second meeting of the fifth session of the Standing Committee of San Shui City Chinese People's Political Consultative Congress has proven her solid identity in the public and community services in China. Most recently she has been re-elected to be the chairperson of San Shui Overseas Friendship Association Council. On business, Ms. Leong has a broad involvement with the golf industry, where she is the executive director and vice-chairperson of Giangmen Wuyi Golf Course & Entertainment Co., Ltd..

Independent non-executive directors

Mr. TSUI Yiu Wa, Alec, aged 52, joined the Group in November 2000. He holds a Bachelor of Science degree and a Master of Engineering degree in Industrial Engineering from the University of Tennessee and has completed the program for senior managers in government at the John F. Kennedy School of Government at Harvard University. Mr. Tsui has extensive experience in finance and administration, corporate and strategic planning, IT and human resources management. Prior to joining the Group, Mr. Tsui worked for iRegent Group Limited from 1 August, 2000 to 28 February, 2001. He was the chief operating officer of the Hong Kong Exchanges and Clearing Limited from March 2000 and the chief executive of the Stock Exchange from February 1997. Mr. Tsui first joined the Stock Exchange in January 1994 as executive director of the finance and operations services division and became deputy chief executive of operation services of the Stock Exchange in January 1996.

Independent non-executive Directors (continued)

Attorney PATAJO-KAPUNAN, Lorna, aged 49, joined the Group in November 2000. Ms. P. Kapunan has been a patron of the legal society in the Philippines for many years. She is a graduate from the University of the Philippines, College of Law and also majored in AB political science. Attorney P. Kapunan has a number of professional involvement throughout her legal career. The most recent ones include President, Intellectual Property Alumni Association (IPAA); Country Group President, Asean Patent Attorneys Association (APAA) and Vice Present, Philippines Women Trial Lawyers Association. Attorney P. Kapunan is a managing partner of Roco Bunag Kapunan & Migallos Law Offices and her field of practice includes corporate, litigation, intellectual property and family laws.

Compliance Officer

Mr. YUEN Tien Yau, Gordon, aged 44, is an executive Director of the Group. Biographical details of Mr. Yuen can be found under the sub-section headed “Executive directors” in this section.

Senior management

Mr. MILES, Robin James (Chief Operating Officer), aged 41, joined the Group as general manager in November 1999. Mr. Robin Miles graduated from the University of Surrey, UK in 1982 from an Honours degree in Electronic and Electrical Engineering. Mr. Robin Miles has become inseparable from the provision of trading system early in 1988 when he graduated from Philips Research Laboratories, UK with a successful research posting in financial software programming. With a career spanning 18 years within the electronic, financial, investment banking and new technology sectors. Mr. Robin Miles has extensive experience in the design and implementation of on-line trading system in European and Asian markets. He started his career with a system solution consultant firm, taking up the Kleinwort Benson project. In the project, Mr. Robin Miles was responsible for the development of a front-office decision support system for international warrants and convertibles trading. He then subsequently moved to Kleinwort Benson to take charge of the entire project.

In 1993, Mr. Robin Miles was with the merged Dresdner Kleinwort Benson responsible for the creation of systems based on the Web/Internet technologies, scaling from Internet infrastructure design to publication of analyst research over the Internet. Mr. Robin Miles’ knowledge in the global marketplace, financial trading and management systems, and network design made him to be a crucial factor to the success of the first UK real time Internet stock dealing service. Mr. Robin Miles also has spend a great amount of time working in Tokyo and Hong Kong; therefore gaining valuable insight into the culture of the financial markets in Asia, as well as in Europe.

Senior management (continued)

Mr. KWOK Man Ki, Kino (Chief Technology Officer) aged 40, jointed the Group in December 1999. Mr. Kwok has extensive experience in IT, telecommunications and finance industry. He graduated from the University of Newcastle in Australia with an Honours degree in Computer Engineering. Prior to joining the Group, Mr. Kwok was working in Star Telecom Overseas Ltd., responsible for leading a software team to manager the telecom network, billing system and develop innovative value added services to customers in Taiwan. Before that he had worked in CTI, Hong Kong Star Internet Ltd. & Star Telecom Holdings Ltd., the Stock Exchange, Price Waterhouse Urwick (Australia) and National Semiconductor HK Limited. Mr. Kwok developed the first Chinese graphical stock information terminal in Star Telecom Holdings Ltd.. He was involved in the development of the first generation of the Automatic Matching and Execution System (AMS/1) while he was working in the Stock Exchange. He developed a real time deal capture and position keeping system for the foreign exchange and money market dealing department of Westpac Bank in Australia while he was working in the Management Consulting Services department of Price Waterhouse Urwick.

Ms. AU Yin Chun, Grace (Financial Controller) aged 39, joined the Group in December 1999. Ms. Au received her Master degree in Business Administration from the Australian Graduate School of Management majoring in finance and investment. With over 14 years of experience in professional accounting, Ms. Au has gained extensive insight into international accounting, business practices, reporting, and business risk management for the global market.

Ms. Au is a fellow of the Association of Chartered Certified Accountants, member of CPA Australia and the Hong Kong Society of Accountants. Prior to joining the Group, Ms. Au has over 10 years auditing and business advisory experience working with PricewaterhouseCoopers Hong Kong (formerly Price Waterhouse before its merger with Coopers & Lybrand). Her experience includes 4 years as a manager in supervising the financial and compliance audits for an international stock brokerage firm, covering the brokerage's businesses in Hong Kong, Japan, Taiwan, Thailand, Korea, Singapore and Malaysia.

Mr. WONG Kwok Tung, Gordon (Company Secretary) aged 27, joined the Group in September 2000. Mr. Wong graduated from the University of Sydney with a Bachelor of Economics degree. He has broad experience working with international accounting firms in both Hong Kong and Australia. Currently, he is a member of The Institute of Chartered Accountants in Australia, an associate member of the Hong Kong Society of Accountants, and an affiliate member of the Hong Kong Securities Institute.

Senior management (continued)

Mr. TURNER, Neil (Director of Infrastructure and Security) aged 47, joined the Group in April 2000. Mr. Turner was educated in the United Kingdom at Sandown Grammar School, on the Isle of Wight, and Nottingham University, where he graduated in 1976. He has extensive experience in dealing with the problems of early commercial use of the Internet and provided solutions for many of them. Mr. Turner's last role before joining the Group involved the design and control of network security to financial standards, to satisfy the exacting demands of a trans-national investment bank. With this practical experience and keen attention to technical detail, he is able to provide the Group with a quality technical infrastructure.

Mr. Turner has been in commercial IT industry for 24 years, at companies ranging from heavy industry to investment banking. For a majority part of that period he worked in the city of London for the merchant bank Kleinwort Benson Limited, later a member of the Dresdner Bank AG Group. He initially worked on various business applications: payroll, accounting, commercial banking, foreign exchange and securities trading. His first experience of working in Hong Kong was when he installed the loan/deposit and interest accruals systems for Kleinwort Benson. He soon gravitated towards more technical involvement with systems and communications, which has been his main activity ever since.

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor Prince's Building
Central Hong Kong
Telephone (852) 2289 8888
Facsimile (852) 2810 9888

TO THE SHAREHOLDERS OF
iASIA TECHNOLOGY LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the accounts on pages 42 to 68 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Hong Kong Companies Ordinance requires the directors to prepare accounts, which give a true and fair view. In preparing accounts, which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the accounts give a true and fair view of the state of affairs of the Company and the Group as at 30 September, 2001 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 18 December, 2001

Consolidated Profit and Loss Account

For the year ended 30 September, 2001

	Note	**Group Year ended 30 September, 2001 HK$'000**	Company Period from 24 September, 1999 (date of incorporation) to 30 September, 2000 HK$'000
Turnover	*3*	**3,634**	4,146
Other revenues	*3*	**1,166**	195
Changes in work-in-progress		**(98)**	351
Work performed by the Group and capitalised under fixed assets		**2,904**	2,343
Staff costs		**(19,659)**	(11,161)
Depreciation		**(5,039)**	(980)
Provision for receivables		**(3,907)**	—
Other operating expenses		**(7,297)**	(5,427)
Operating loss	*4*	**(28,296)**	(10,533)
Finance costs	*5*	**(84)**	(29)
Loss for the year/period	*16*	**(28,380)**	(10,562)
Basic loss per share (HK cents)	*9*	**(2.9)**	(3.2)

No statement of recognised gains and losses is presented as loss for the year of HK$28,380,000 (period ended 30 September, 2000: HK$10,562,000) shown above is the only component.

Consolidated Balance Sheet

As at 30 September, 2001

	Note	**Group 2001 HK$'000**	Company 2000 HK$'000
Fixed assets	*12*	**15,729**	9,003
Current assets			
Due from shareholders		**—**	14,580
Work-in-progress		**253**	351
Accounts receivable, prepayments, deposits and other receivables		**6,829**	4,669
Pledged bank deposits		**—**	700
Bank balances and cash		**37,926**	627
		45,008	20,927
Current liabilities			
Accounts payable, accruals and other payables		**6,190**	5,266
Obligations under finance leases	*17*	**—**	326
		6,190	5,592
Net current assets		**38,818**	15,335
Total assets less current liabilities		**54,547**	24,338
Financed by:			
Share capital	*14*	**45,000**	28,400
Reserves	*16*	**9,547**	(4,562)
Shareholders' funds		**54,547**	23,838
Long-term portion of obligations under finance leases	*17*	**—**	500
		54,547	24,338

Yuen Tien Yau, Gordon
Director

Ko Chun Fung, Henry
Director

Balance Sheet

As at 30 September, 2001

	Note	2001 HK$'000	2000 HK$'000
Fixed assets	12	—	9,003
Subsidiaries	13	**21,525**	—
Current assets			
Due from shareholders		—	14,580
Work-in-progress		—	351
Accounts receivable, prepayments, deposits and other receivables		**5,880**	4,669
Pledged bank deposits		—	700
Bank balances and cash		**37,197**	627
		43,077	20,927
Current liabilities			
Accounts payable, accruals and other payables		**5,037**	5,266
Obligations under finance leases	17	—	326
		5,037	5,592
Net current assets		**38,040**	15,335
Total assets less current liabilities		**59,565**	24,338
Financed by:			
Share capital	14	**45,000**	28,400
Reserves	16	**14,565**	(4,562)
Shareholders' funds		**59,565**	23,838
Long-term portion of obligations under finance leases	17	—	500
		59,565	24,338

Yuen Tien Yau, Gordon
Director

Ko Chun Fung, Henry
Director

Consolidated Cash Flow Statement

For the year ended 30 September, 2001

	Note	Group Year ended 30 September, 2001 HK$'000	Company Period from 24 September, 1999 (date of incorporation) to 30 September, 2000 HK$'000
Net cash outflow from operating activities	18(a)	**(20,845)**	(12,961)
Returns on investments and servicing of finance			
Interest received		**1,098**	160
Interest element of finance leases		**(84)**	(28)
Other interest paid		**—**	(1)
Net cash inflow from returns on investments and servicing of finance		**1,014**	131
Investing activities			
Acquisition of a subsidiary	18(c)	**(4,000)**	—
Expenses paid in connection with acquisition of subsidiaries		**(1,137)**	—
Purchase of fixed assets		**(11,276)**	(6,489)
Decrease/(increase) in pledged bank deposits		**700**	(700)
Net cash outflow from investing activities		**(15,713)**	(7,189)
Net cash outflow before financing		**(35,544)**	(20,019)
Financing	18(b)		
Net proceeds from issue of shares		**73,669**	19,820
Payments of capital element of finance leases		**(826)**	826
Net cash inflow from financing		**72,843**	20,646
Increase in cash and cash equivalents		**37,299**	627
Cash and cash equivalents at the beginning of year/period		**627**	—
Cash and cash equivalents at the end of year/period		**37,926**	627
Analysis of balances of cash and cash equivalents:			
Bank balances and cash		**37,926**	627

1 Basis of preparation

The Company was incorporated in Hong Kong on 24 September, 1999 under the Hong Kong Companies Ordinance. The Company acquired the subsidiaries set out in note 13(b) during the year ended 30 September, 2001. Accordingly, the Company's results have been presented for the period from 24 September, 1999 to 30 September, 2000 and the consolidated results of the Group have been presented for the year ended 30 September, 2001. The subsidiaries were accounted for in the consolidated results using acquisition accounting.

The accounts have been prepared under the historical cost convention, in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants.

2 Principal accounting policies

The principal accounting policies adopted in the preparation of these accounts are set out below:

(a) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 30 September. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision, if necessary, for any diminution in value other than temporary in nature. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

2 Principal accounting policies (continued)

(b) Revenue recognition and work-in-progress

Messaging fees are recognised on an accrual basis in accordance with the terms of the corresponding agreements.

Hook up fees, sale of trading and back office systems are recognised upon satisfactory delivery and installation of the system to the customer.

System customisation and network support fees are recognised upon satisfactory completion of work including post delivery service support. Work-in-progress is recorded under current assets at amount of costs incurred plus attributable profit less progress billings.

Revenues from content subscription, data management and hosting services are recognised when the services are rendered.

Revenue from the provision of maintenance services is recognised on a straight-line basis over the period of the related agreement.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(c) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Cost represents purchase price and any directly attributable costs of bringing the asset to its working condition for its intended use. Depreciation of leasehold improvements is calculated to write off their cost on a straight-line basis over their unexpired periods of the leases or three years whichever is shorter. Depreciation of other fixed assets is calculated to write off their cost on a straight-line basis over their expected useful lives to the Group. The principal annual rates used for this purpose are:

Office furniture and equipment	20%
Computer equipment and software	33.33%

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group.

2 Principal accounting policies (continued)

(c) Fixed assets (continued)

The carrying amounts of fixed assets are reviewed regularly to assess whether their recoverable amounts have declined below their carrying amounts. Expected future cash flows have not been discounted in determining the recoverable amount.

The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

(d) Accounts receivable

Provision is made against accounts receivable to the extent they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

(e) Deferred taxation

Deferred taxation is accounted for at the current tax rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

(f) Borrowing costs

Borrowing costs are expensed as incurred unless the costs are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale which are then capitalised as part of the cost of that asset. All borrowing costs are charged to the profit and loss account during the year.

2 Principal accounting policies (continued)

(g) Assets under leases

(i) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the capital and finance charges so as to achieve a constant rate on the capital balances outstanding. The corresponding rental obligations, net of finance charges, are included in long-term liabilities. The finance charges are charged to the profit and loss account over the lease periods.

Assets held under finance leases are depreciated over the shorter of their estimated useful lives or the lease periods.

(ii) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives from the leasing company are charged to the profit and loss account on a straight-line basis over the lease periods.

(h) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The accounts of subsidiaries expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with as a movement in reserves.

2 Principal accounting policies (continued)

(i) Research and development costs

Research and development costs are expensed as incurred unless the development costs satisfy the criteria for recognition of such costs as assets. The development costs incurred for customisation and modification of software which are an integral part of the related hardware and satisfy the criteria for recognition as assets are capitalised under fixed assets.

(j) Retirement benefit costs

The Group's contributions to the retirement scheme for employees of the Group are expensed as incurred.

(k) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in current year. In particular, comparatives have been adjusted or extended to take into account the requirements of the revised Statements of Standard Accounting Practice ("SSAP") No. 14 "Leases" which the Group implemented in current year.

SSAP No. 14 prescribes the accounting policies and disclosure requirements in relation to finance and operating leases. The adoption of SSAP No. 14 does not have any impact on these accounts except that the comparatives of notes 17 and 19(a) to the accounts have been extended or restated.

3 Revenues and turnover

The Group is principally engaged in provision of online trading solution to licensed financial institutions in the Asia Pacific Region. Revenues recognised during the year/period are as follows:

	Group Year ended 30 September, 2001 HK$'000	Company Period from 24 September, 1999 (date of incorporation) to 30 September, 2000 HK$'000
Turnover		
System customisation and network support fees	**461**	3,502
Sales of trading and back-office systems	**1,880**	378
Maintenance fees	**458**	—
Hook up fees	**335**	260
Data management and hosting fees	**31**	—
Messaging fees	**219**	6
Content management and subscription fees	**250**	—
	3,634	4,146
Other revenues		
Interest income	**1,148**	195
Other	**18**	—
	1,166	195
Total revenues	**4,800**	4,341

4 Operating loss

Operating loss is stated after charging the following:

	Group Year ended 30 September, 2001 HK$'000	Company Period from 24 September, 1999 (date of incorporation) to 30 September, 2000 HK$'000
Auditors' remuneration	**300**	59
Depreciation		
Owned fixed assets	**4,876**	766
Leased fixed assets	**163**	214
Cost of services	**4,477**	2,729
Operating leases		
Land and buildings	**1,070**	871
Office equipment	**18**	110
Retirement benefit costs *(note 10)*	**398**	—
Provision for receivables	**3,907**	—

5 Finance costs

	Group Year ended 30 September, 2001 HK$'000	Company Period from 24 September, 1999 (date of incorporation) to 30 September, 2000 HK$'000
Interest element of finance leases	**84**	28
Other interest	**—**	1
	84	29

6 Taxation

(a) No provision for Hong Kong profits tax has been made in the accounts as the Group has no estimated assessable profit for the year/period.

(b) The potential deferred tax asset of HK$5,080,000 (period ended 30 September, 2000: HK$924,000) which relates to tax losses available for carry forward and other timing differences has not been recognised in the accounts as the crystallisation of the asset in the foreseeable future is uncertain.

7 Loss attributable to shareholders

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of HK$23,362,000 (period ended 30 September, 2000: HK$10,562,000).

8 Dividends

No dividends have been paid or declared by the Company during the year/period.

9 Loss per share

The calculation of the basic loss per share for the year/period is based on the Group's loss attributable to shareholders of HK$28,380,000 (period ended 30 September, 2000: HK$10,562,000) and the weighted average of 966,548,444 (period ended 30 September, 2000: 329,903,695) ordinary shares in issue during the year/period. The weighted average number of shares in issue during year/period has taken into account the subdivision of one ordinary share of HK$1.00 each into 10 ordinary shares of HK$0.10 each of the Company on 14 March, 2001.

Diluted loss per share has not been presented as the conversion of potential ordinary shares to ordinary shares would have anti-dilutive effect to the basic loss per share.

10 Retirement benefit costs

On 1 December, 2000, a Mandatory Provident Fund Scheme (the "MPF") was set up under the Mandatory Provident Fund Schemes Ordinance for all eligible employees of the Group. Under the MPF, the Group and the eligible employees are required to contribute 5% of the monthly gross salaries of the respective employees with a maximum monthly contribution of HK$1,000. The contributions are fully and immediately vested with the employees as accrued benefits once they are paid. No contributions were payable to MPF at the year-end. The assets of MPF are held separately from those of the Group in an independently administered fund.

11 Directors' and senior management's emoluments

(a) Directors' remuneration

Details of the emoluments paid to directors of the Group are as follow:

	Group Year ended 30 September, 2001 HK$'000	Company Period from 24 September, 1999 (date of incorporation) to 30 September, 2000 HK$'000
Fees	**—**	—
Salaries and other emoluments	**2,783**	729
Retirement benefit costs	**30**	—
	2,813	729

One director of the Company received emoluments during the period ended 30 September, 2000. Three directors of the Company received emoluments of approximately HK$1,167,000, HK$1,048,000 and HK$598,000 respectively for the year ended 30 September, 2001.

(b) Five highest paid individuals

(i) The five individuals whose emoluments were the highest in the Group for the year/period are as follows:

	Group Year ended 30 September, 2001	Company Period from 24 September, 1999 (date of incorporation) to 30 September, 2000
Directors	**2**	1
Employees	**3**	4
	5	5

11 Directors' and senior management's emoluments (continued)

(b) Five highest paid individuals (continued)

(ii) Details of emoluments of the employees as mentioned in note 11(b)(i) above during the year/period are as follows:

	Group Year ended 30 September, 2001 HK$'000	Company Period from 24 September, 1999 (date of incorporation) to 30 September, 2000 HK$'000
Basic salaries and allowances	**2,658**	2,425
Retirement benefit costs	**30**	—
	2,688	2,425

The emoluments of the above employees fall within the emolument band of nil to HK$1,000,000 for the year/period.

(iii) During the year/period, no directors nor the above highest paid individuals waived any emoluments. No emoluments have been paid to the directors or these individuals as compensation for loss of office or an inducement to join the Company or the Group.

12 Fixed assets

	Group			
	Leasehold improvements	Office furniture and equipment	Computer equipment and software	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Cost				
At 1 October, 2000	398	353	9,232	9,983
Acquisition of a subsidiary	—	—	4,000	4,000
Additions	77	74	7,660	7,811
Disposals	(49)	(5)	(49)	(103)
At 30 September, 2001	426	422	20,843	21,691
Accumulated depreciation				
At 1 October, 2000	100	50	830	980
Charge for the year	174	80	4,785	5,039
Disposals	(45)	(1)	(11)	(57)
At 30 September, 2001	229	129	5,604	5,962
Net book value				
At 30 September, 2001	197	293	15,239	15,729
At 30 September, 2000	298	303	8,402	9,003

12 Fixed assets (continued)

	Company			
	Leasehold improvements	Office furniture and equipment	Computer equipment and software	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Cost				
At 1 October, 2000	398	353	9,232	9,983
Additions	77	69	4,724	4,870
Disposals	(49)	(5)	(25)	(79)
Transfer to subsidiaries	(426)	(417)	(13,931)	(14,774)
At 30 September, 2001	—	—	—	—
Accumulated depreciation				
At 1 October, 2000	100	50	830	980
Charge for the year	139	59	3,008	3,206
Disposals	(45)	(1)	(6)	(52)
Transfer to subsidiaries	(194)	(108)	(3,832)	(4,134)
At 30 September, 2001	—	—	—	—
Net book value				
At 30 September, 2001	—	—	—	—
At 30 September, 2000	298	303	8,402	9,003

At 30 September, 2001, no fixed assets were held by the Group under finance leases (2000: HK$792,000).

13 Subsidiaries

	Company	
	2001	2000
	HK$'000	HK$'000
Investments at cost:		
Unlisted shares	**4,010**	—
Due from subsidiaries *(note (a))*	**18,226**	—
Due to subsidiaries *(note (a))*	**(711)**	—
	17,515	—
	21,525	—

Notes:

(a) The amounts due from/to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

13 Subsidiaries (continued)

(b) The following is a list of principal subsidiaries of the Company as at 30 September, 2001:

Name	Place of incorporation	Principal activities and place of operation	Particulars of issued share capital	Interest held directly
iAsia Technology International Limited (formerly known as Startech Asia Limited)	British Virgin Islands	Provision of system customisation and network support services in Hong Kong	1 ordinary share of US$1 each	100%
iAsia Technology (Asia) Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1 each	100%
iAsia Online Systems Limited	British Virgin Islands	Online trading software provider in Hong Kong	1 ordinary share of US$1 each	100%
iAsia Solutions Limited (formerly known as Bostonian Investments Limited)	British Virgin Islands	Online trading software provider in Hong Kong	1 ordinary share of US$1 each	100%
Global Financial Services Group Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1 each	100%
Telewise Inc.	British Virgin Islands	Dormant	1 ordinary share of US$1 each	100%
iAsia Services Limited	Hong Kong	Provision of management services in Hong Kong	10,000 ordinary shares of HK$1 each	100%

14 Share capital

	Note	No. of shares	HK$'000
Authorised:			
On incorporation, ordinary shares of HK$1.00 each		10,000	10
Increase in authorised ordinary shares		999,990,000	999,990
At 30 September, 2000, ordinary shares of HK$1.00 each		1,000,000,000	1,000,000
At 1 October, 2000, ordinary shares of HK$1.00 each		1,000,000,000	1,000,000
Sub-division of shares into HK$0.10 each	*(b)*	9,000,000,000	—
At 30 September, 2001, ordinary shares of HK$0.10 each		10,000,000,000	1,000,000

14 Share capital (continued)

	Note	No. of shares	HK$'000
Issued and fully paid:			
On incorporation, ordinary shares of HK$1.00 each		2	—
Issue of shares		12,001,998	12,002
Issue of shares by capitalisation of the share premium account		16,398,300	16,398
At 30 September, 2000, ordinary shares of HK$1.00 each		28,400,300	28,400
At 1 October, 2000, ordinary shares of HK$1.00 each		28,400,300	28,400
Issue of shares	*(a)*	812,815	813
Sub-division of shares into HK$0.10 each	*(b)*	262,918,035	—
Issue of shares by capitalisation of the share premium account	*(c)*	67,868,850	6,787
Placing and public offer	*(d)*	90,000,000	9,000
At 30 September, 2001, ordinary shares of HK$0.10 each		450,000,000	45,000

Notes:

(a) On 15 November, 2000, the Company allotted and issued 812,815 ordinary shares of HK$1.00 each at HK$9.60 each for a total cash consideration of HK$7.8 million. The excess of the issue price over the par value of the shares issued have been credited to the share premium account of the Company. These shares were issued for the Company's working capital purpose and rank pari passu with the existing ordinary shares.

(b) On 14 March, 2001, pursuant to a resolution passed by the shareholders of the Company, each of the issued and unissued ordinary shares of HK$1.00 each was subdivided into 10 ordinary shares of HK$0.10 each.

(c) Pursuant to a resolution passed on 14 March, 2001, the Company transferred HK$6,787,000 from its share premium account to share capital upon a capitalisation issue of 67,868,850 ordinary shares of HK$0.10 each. These ordinary shares rank pari passu with the existing ordinary shares.

14 Share capital (continued)

(d) On 9 April 2001, the Company issued 90,000,000 ordinary shares of HK$0.10 each by way of placing and public offer at HK$0.70 per share for a total cash consideration of HK$63 million in relation to the listing of the Company's shares on the Growth Enterprise Market of the Stock Exchange of Hong Kong ("GEM"). The shares of the Company were listed on the GEM on 9 April 2001. The excess of the issue price over the par value of the shares issued, net of listing expenses incurred, has been credited to the share premium account of the Company. These ordinary shares rank pari passu with the existing ordinary shares.

15 Share options

Pursuant to a share option scheme ("Share Option Scheme") adopted by the Company on 14 March, 2001, the directors may at their discretion grant options to full-time employees and executive directors of the Group to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated in the Share Option Scheme. No share options were granted by the Company under the Share Option Scheme during the year.

Pursuant to the Pre-IPO share option plan ("Pre-IPO Share Option Plan") adopted by the Company on 14 March, 2001, the directors may at their discretion grant options to full-time employees and executive directors of the Group to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated in the Pre-IPO Share Option Plan. 45,000,000 Pre-IPO Options were granted on 6 April 2001 at any exercise price of HK$0.49 per share. 783,334 Pre-IPO Options were cancelled during the year and 44,216,666 Pre-IPO Options were outstanding as at 30 September, 2001. The Pre-IPO Share Options are exercisable in the following manners:

	Percentage of the Pre-IPO Share Options exercisable
10 October, 2001 to 9 April 2002	50%
10 April 2001 to 8 October, 2005	100%

Exercise in full of all outstanding Pre-IPO Share Options would result in the issue of an additional 44,216,666 ordinary shares of HK$0.10 each with proceeds of HK$21,666,000.

16 Reserves

		Group		
		Share premium	**Accumulated losses**	**Total**
	Note	HK$'000	HK$'000	HK$'000
Premium on issue of shares		22,398	—	22,398
Capitalisation issue		(16,398)	—	(16,398)
Loss for the period		—	(10,562)	(10,562)
At 30 September, 2000		6,000	(10,562)	(4,562)
At 1 October, 2000		6,000	(10,562)	(4,562)
Premium on issue of shares, net of share issue expenses	*14(a) and (d)*	49,276	—	49,276
Capitalisation issue	*14(c)*	(6,787)	—	(6,787)
Loss for the year		—	(28,380)	(28,380)
At 30 September, 2001		48,489	(38,942)	9,547

		Company		
		Share premium	**Accumulated losses**	**Total**
	Note	HK$'000	HK$'000	HK$'000
Premium on issue of shares		22,398	—	22,398
Capitalisation issue		(16,398)	—	(16,398)
Loss for the period		—	(10,562)	(10,562)
At 30 September, 2000		6,000	(10,562)	(4,562)
At 1 October, 2000		6,000	(10,562)	(4,562)
Premium on issue of shares, net of share issue expenses	*14(a) and (d)*	49,276	—	49,276
Capitalisation issue	*14(c)*	(6,787)	—	(6,787)
Loss for the year		—	(23,362)	(23,362)
At 30 September, 2001		48,489	(33,924)	14,565

17 Obligations under finance leases

At 30 September, 2001, the obligations under finance leases of the Group and the Company are as follows:

	Group and Company	
	2001	2000
	HK$'000	HK$'000
		Restated
Minimum lease payments		
Within one year	–	377
In the second year	–	377
In the third to fifth year	–	208
	–	962
Future finance charges on finance leases	–	(136)
Present value of finance lease liabilities	–	826
The present value of finance lease liabilities is as follows:		
Within one year	–	326
In the second year	–	326
In the third to fifth year	–	174
	–	500
	–	826

The Group has early repaid the obligations under finance leases in March 2001.

18 Notes to the cash flow statement

(a) Reconciliation of loss for the year/period to net cash outflow from operating activities

	Group Year ended 30 September, 2001 HK$'000	Company Period from 24 September, 1999 (date of incorporation) to 30 September, 2000 HK$'000
Loss for the year/period	**(28,380)**	(10,562)
Interest income	**(1,148)**	(195)
Interest element of finance leases	**84**	28
Other interest expense	**—**	1
Provision for receivables	**3,907**	—
Depreciation	**5,039**	980
Loss on disposals of fixed assets	**46**	—
Decrease/(increase) in work-in-progress	**98**	(351)
Increase in accounts receivable, prepayments, deposits and other receivables	**(2,212)**	(4,634)
Increase in accounts payable, accruals and other payables	**1,721**	1,772
Net cash outflow from operating activities	**(20,845)**	(12,961)

18 Notes to the cash flow statement (continued)

(b) Analysis of changes in financing during the year/period

	Share capital including premium		Obligations under finance leases	
	2001	2000	**2001**	2000
	HK$'000	HK$'000	**HK$'000**	HK$'000
At the beginning of the year/period	**34,400**	—	**826**	—
Cash inflows/(outflows) from financing	**73,669**	19,820	**(826)**	—
(Decrease)/increase in amounts due from shareholders	**(14,580)**	14,580	**—**	—
Inception of finance leases	—	—	**—**	826
At the end of the year/period	**93,489**	34,400	**—**	826

(c) Acquisition of a subsidiary

	2001	2000
	HK$'000	HK$'000
Net assets acquired		
Fixed assets	**4,000**	—
Satisfied by:		
Cash	**4,000**	

Analysis of the net outflow in respect of the acquisition of a subsidiary:

	2001	2000
	HK$'000	HK$'000
Cash consideration	**4,000**	—

19 Commitments

(a) Operating lease commitments

At 30 September, 2001, the Group and the Company had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Group and Company	
	2001	2000
	HK$'000	HK$'000
		Restated
Within one year	**1,052**	1,309
In the second to fifth year inclusive	**631**	1,893
	1,683	3,202

(b) Capital commitments

At 30 September, 2001, the Group had commitments contracted but not provided for in respect of purchase of fixed assets of HK$5,000,000. The Company had no commitments contracted but not provided for in respect of purchase of fixed assets (2000: HK$124,000).

(c) Financial commitments

Pursuant to the pre-incorporation agreement entered into between the Company and Computershare Systems Phils., Inc. on 27 September, 2000, the Group and the Company had financial commitment in respect of capital contribution into a jointly controlled entity to be incorporated in the Republic of the Philippines of PHP15 million (approximately HK$2,282,000).

20 Contingent liabilities

(a) One of the Company's third party suppliers ("Supplier") charged the Company a sum of approximately HK$8.4 million in respect of work performed by the Supplier of which approximately HK$2.6 million has been paid. A threatened claim was made by the Supplier against the Company on 30 November, 2000 for the unpaid invoices for the work done between April and September, 2000. As at 30 September, 2001, the Company has not provided for the outstanding service fee of approximately £489,000 (approximately HK$5.8 million) which is currently in dispute with the Supplier. On the basis of the Company's own assessment of the services rendered by the Supplier and professional legal advice, the Company's directors are of the opinion that such charges are unreasonable and not justifiable under the agreement with the Supplier and intend to challenge the charges on the above grounds. Consequently no provision has been made by the Group as at 30 September, 2001.

(b) On 11 January, 2001, legal proceedings were initiated by Lane Ventures Limited ("Claimant") alleging that the Company had promised to pay a monthly remuneration to the Claimant, to reimburse the Claimant's related travelling expenses and to grant certain options to the Claimant to purchase shares in the Company in consideration of the Claimant rendering its consultancy services to the Company. In the said proceedings, the Claimant is, among other things, claiming from the Company an amount of approximately HK$0.5 million and an order that the Company grant the options as mentioned above to the Claimant. A defence has been filed by the Company. On the basis of the information available to date, the Company's directors are of the view that no agreement exist between the Claimant and the Company. On the basis of the legal advice received, the Company has a reasonable chance to defend itself against the allegation successfully. Consequently no provision has been made by the Group as at 30 September, 2001.

Certain shareholders of the Company had pursuant to a deed of indemnity dated 22 March, 2001 given joint and several indemnities in favour of the Group in relation to any loss and damages suffered by the Group in connection with the threatened claim and the legal proceedings above-mentioned.

21 Subsequent events

The following significant events took place subsequent to 30 September, 2001:

Acquisition of subsidiaries

On 9 November, 2001, Global Financial Services Group Limited ("GFS"), a wholly-owned subsidiary of the Company has acquired 35% effective interest in CFN Hongkong Limited and 35.25% effective interest in CFN (UK) Limited for a total consideration of HK$28,740,000 pursuant to three separate sale and purchase agreements entered on 31 August, 2001. The consideration was satisfied in full by the allotment and issue of 41,057,143 ordinary shares of the Company of HK$0.10 each at an issue price of HK$0.70 per share.

On 5 December, 2001, GFS has acquired 65% effective interest in CFN Hongkong Limited and 64.75% effective interest in CFN (UK) Limited for a total consideration of HK$53,215,000, pursuant to three separate sales and purchase agreement entered into on 17 October, 2001. The consideration will be satisfied by issue of 76,021,429 ordinary shares of the Company of HK$0.10 each at an issue price of HK$0.70 per share. Upon completion of the acquisition, CFN Hongkong Limited and CFN (UK) Limited become wholly-owned subsidiaries of the Group.

CFN Hongkong Limited was incorporated in Hong Kong on 15 December, 1999 and is principally engaged in provision of online securities trading solutions to licensed financial institutions. CFN (UK) Limited was incorporated in England and Wales on 30 May, 2000 and is principally engaged in provision of services in financial markets in the United Kingdom.

Save as aforesaid, no other significant events took place subsequent to 30 September, 2001.

22 Approval of accounts

The accounts were approved by the board of directors on 18 December, 2001.

iAsia Technology Limited
(incorporated in Hong Kong with limited liability under the Companies Ordinance)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of iAsia Technology Limited ("iAsia") will be held at the Suite 5311, 53rd Floor, The Center, 99 Queen's Road Central, Hong Kong on Friday, 18 January, 2002 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited consolidated accounts of iAsia and its subsidiaries and the reports of the directors and of the auditors for the year ended 30 September, 2001.

2. To re-elect directors and to authorize the board of directors or any of its authorised committees to fix the remuneration of the Directors.

3. To re-appoint auditors and to authorise the board of directors or any of its authorised committees to fix their remuneration.

As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

4. "**THAT:**

   (a) subject to paragraph (c) below, the directors of iAsia ("Directors") be and are hereby granted an unconditional general mandate to allot, issue and deal with additional shares in the capital of iAsia ("Shares") or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares or such convertible securities and to make or grant offers, agreements and options which might require the exercise of such power;

   (b) the approval in paragraph (a) above shall be in addition to any other authorisations given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to paragraph (a) above, otherwise than pursuant to:

(i) a Rights Issue (as hereinafter defined);

(ii) the exercise of rights of subscription or conversion under the terms of any warrants or any securities which may be issued by iAsia from time to time and which are convertible into Shares;

(iii) the exercise of the subscription rights under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of iAsia and/or any of its subsidiaries or such other persons eligible to participate in any such scheme(s) or arrangement(s) of Shares or rights to acquire Shares; or

(iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of iAsia or a specific authority granted by the shareholders of iAsia in general meeting,

shall not exceed 20% of the aggregate nominal amount of the share capital of iAsia in issue as at the date of passing of this Resolution;

(d) subject to the passing of each of the paragraphs (a), (b) and (c) of this Resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this Resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and

(e) for the purpose of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of iAsia;

(ii) the expiration of the period within which the next annual general meeting of iAsia is required by any applicable law or the articles of association of iAsia to be held; or

(iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of iAsia in general meeting; and

"Rights Issue" means an offer of shares in iAsia, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors to holders of shares in iAsia on the register on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to iAsia, or any recognized regulatory body or any stock exchange applicable to iAsia)."

5. "**THAT:**

(a) subject to paragraph (b) below, the Directors be and are hereby granted an unconditional general mandate to repurchase on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), or any other stock exchange on which the securities of iAsia may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, securities in iAsia and that the exercise by the Directors of all powers of iAsia to repurchase such securities, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange or rules of any other stock exchange as may be amended from time to time, be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of shares of iAsia ("Shares") or securities of iAsia which may be repurchased by iAsia pursuant to the approval in paragraph (a) above during the Relevant Period (as hereinafter defined) shall not exceed 10% of the aggregate nominal amount of the share capital of iAsia in issue as at the date of passing of this Resolution;

(c) subject to the passing of each of the paragraphs (a) and (b) of this Resolution, any prior approvals of the kind referred to in paragraphs (a) and (b) of this Resolution which had been granted to the Directors and which are still in effect be and hereby revoked; and

(d) for the purpose of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of iAsia; and

(ii) the expiration of the period within which the next annual general meeting of iAsia is required by any applicable law or the articles of association of iAsia to be held; and

(iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of iAsia in general meeting."

6. "**THAT** conditional upon the passing of Resolutions numbered 4 and 5 set out in the notice convening this meeting, the aggregate nominal amount of share capital of iAsia that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to and in accordance with the general mandate granted under Ordinary Resolution numbered 4 set out in the notice convening this meeting be and is hereby extended by the addition thereto of the aggregate nominal amount of the shares in the capital of iAsia which may be repurchased by iAsia pursuant to and in accordance with the general mandate granted under Ordinary Resolution numbered 5 set out in the notice convening this meeting, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of iAsia in issue as at the date of passing of this Resolution."

By Order of the Board
iAsia Technology Limited
Gordon Wong
Company Secretary

Hong Kong, 24 December, 2001

Register office, head office and
principal place of business:
Suite 5311, The Center
99 Queen's Road Central
Central
Hong Kong

Notes:

1. A member of iAsia entitled to attend and vote at the meeting by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote in stead of such member. A proxy need not be a member of iAsia.

2. A form of proxy in respect of the meeting is enclosed. Whether or not you intend to attend the meeting in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon.

3. In order to be valid, the form of proxy together with a power of attorney or other authority, (if any) under which it is signed, or a notarially certified copy of such power at authority must be deposited with the registered office of iAsia at Suite 5311, The Center, 99 Queen's Road Central, Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

4. Where there are joint holders of a share of iAsia, any one of such holders may vote at the meeting either personally or by proxy in respect of such share as if he were solely entitled thereto, but if more than one of such holders be present at the meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members of iAsia in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for this purpose be deemed joint holders thereof.