ANNUAL REPORT 2001

techpacific

Characteristics of The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Exchange")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

This document, for which the Directors of techpacific.com Limited collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to techpacific.com Limited. The Directors, having made all reasonable 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 Contents

The Chinese version of this annual report is provided for reference only. In the event of any inconsistency between the Chinese and English versions, the English version shall prevail.

techpacific.com Limited ("techpacific" or the "Company" and together with its subsidiaries, the "Group") is a Hong Kong-based investment banking, private equity fund management and investment group listed on the Hong Kong Stock Exchange's GEM board (HK GEM 8088), with representation in Mainland China, Korea, Singapore, Japan, Australia, the United Kingdom (covering the Middle East) and other parts of Asia.

The Group's investment banking activities are carried out through Crosby Limited ("Crosby"), the leading independent corporate finance advisory firm with an Asia-wide focus. Crosby has been providing equity and debt capital raising, mergers and acquisitions, restructuring, corporate finance and strategic advisory services for clients across the Asia-Pacific region since 1984.

On the private equity side, the Group oversees two technology-oriented venture capital funds –the US$ 66m Nirvana Fund, targeted mainly at early stage ventures in Asia, and the HK$ 250m Hong Kong SAR Government's Applied Research Fund (which is managed via Softech Investment Management Company Limited, a joint venture between techpacific and Softbank).

In 2001, techpacific also acquired a controlling shareholding in Spike Limited ("Spike"), headquartered in Australia. Spike provides a wide range of online and offline marketing and technology services, technology consultancy, web-enabling and integration services, network management and a broad range of e-implementation solutions for major regional and international corporations.

2001 was a traumatic year for most investors in the technology sector in Asia and elsewhere. techpacific's experience has been no exception.

Around 86% of the Group's investment portfolio of early stage technology-related companies (which does not include Spike) have been provided for or written off completely. The overwhelming majority of these were made during 1999 and 2000. This significant diminution in the value attributed to our investments recognizes the dramatic fall in valuation of such companies which has taken place in both public and private markets and which cannot be regarded as a temporary phenomenon. Although a number of these companies are still operational and recoveries are possible, we have adopted a valuation policy which only recognizes their estimated value in current market conditions; where such estimates are not easily established due to the lack of comparables, we have provided fully for the investment.

The effective closure of the capital markets, both public and private, to technology companies in the early stages of development has forced many such companies, including many which were achieving their "milestones", to close down or put their development into "deep freeze". Such companies raised their initial capital on the assumption (considered reasonable at the time) that if they achieved the targets set out in their business plans, it would be possible to fund the next stage of their development by further issues of equity. This assumption proved in many cases to be mistaken, with devastating consequences.

The fall in valuations of early stage companies also undermined the economics of the incubation business that the Group commenced in 2000, as well as generating a worldwide reversal of investor sentiment towards the incubation of technology companies as a business activity. As a result, no new companies were incubated during 2001.

The sharp decline in capital-raising activities for Asian technology companies also affected the Group's fee-based revenue from its capital-raising and corporate finance advisory services, which were no longer able to cover a large part of the Group's costs, as they did in 2000.

One positive exception among the investments made by the Group has been the majority interest acquired in early 2001 in Spike, a leading provider of digital solutions and services for major corporations in Australia, Japan, Hong Kong and Singapore, into which the Group's digital services division was merged. Spike, with a staff of 147, has become an important component of the Group in terms of capital commitment, as well as costs and revenue.

Although loss-making when acquired, Spike has succeeded under its new management in increasing revenues significantly while reducing costs. A number of new "blue chip" customers have been acquired and Spike's product offering has been widened and up-graded. The growth in Spike's revenue base is expected to continue this year. If it achieves its targets, it should be an asset of substantial value to the Group in the future.

The above-mentioned harsh market conditions in the technology sector caused your company to respond by cutting costs, discontinuing incubation and significantly altering its business model. By good fortune, a substantial part of the capital raised in the Company's IPO in 2000 was not yet invested. Also, the skill-sets and relationship networks of the senior management team are sufficiently broad to permit the Group to diversify its corporate finance and asset management business into sectors beyond technology, thereby increasing its revenue base.

To facilitate the building of a broader investment banking and fund management franchise, the Group acquired Crosby Asia Holdings Limited in November 2001, which comprises the Asian operations of the Crosby group, which has a substantial history of providing such services in Asia. The future development of the Group's investment banking and asset management business will thus take place under the Crosby name. The principal operating subsidiary of Crosby, based in Singapore, has been merged with techpacific's office there.

The above changes in the Group's business model were sufficiently material that the directors decided to seek approval for them from independent shareholders at an extraordinary general meeting of the Company. This is due to be held on 27 March 2002. It is also proposed to seek shareholder approval at the Company's Annual General Meeting on 30 April 2002 for a change in the name of the Company from "techpacific.com Limited" to "Techpacific Capital Limited", which better reflects the current nature of the Group's business.

I believe there is a gap in the Asian market for a corporate finance firm with an Asia-wide franchise, which is independent of the major international commercial and investment banking groups, focusing on the arrangement of equity and debt private placements combined with corporate finance advisory work, including mergers and acquisitions. Our Group already has the ingredients necessary to build such a business. With our efficient cost structure, it is possible to execute profitably smaller transactions than are normally undertaken by the large international investments banks, even though the clients may in many cases be large corporations.

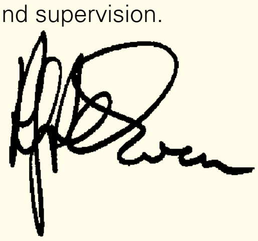
A key objective of the Group will thus be to build on its established position as a leading provider of capital-raising and advisory services to technology companies in Asia by applying its corporate finance skills and strong investor network to a wider range of clients and products.

In asset management, where we currently manage only technology-oriented venture capital funds, the Group also plans to diversify its range of activities and to increase the volume of funds under its management by raising at least one additional fund over the next 12 months and/or through merger or acquisition.

The strategic development of Spike will continue to be a high priority for the Group, with a view to realising in due course some of the value being created in this company, now one of the established market leaders in Asia and Australia within its sector.

Accompanying the change of direction in the Group's business, some changes in the allocation of management resources have been made. Johnny Chan will become Vice Chairman and will focus his attention principally on managing business origination for the investment banking team and overseeing the venture capital fund management. Ilyas Khan will take over from Johnny as Group Chief Executive.

I would like to thank the staff of the Group for their consistent dedication, loyalty and hard work through what has been a severely testing year. I would also like to thank my board colleagues, particularly the independent directors, for displaying similar fortitude and continuing to provide extremely valuable guidance and supervision.



Robert Owen
Chairman
18 March 2002

As this annual report is being finalized, a far-reaching re-orientation of our operations is being implemented, accompanied by important changes to the management structure.

The key changes will shortly be submitted to our shareholders for approval. They include the broadening of our business beyond being a technology-oriented private equity and incubation firm to becoming a more diversified investment banking operation whose activities cover many sectors outside of technology, but which remains very much Asia-focused.

One result of the changes is the decision that I should take over from my partner and long time colleague, Johnny Chan, as CEO of the Group. As such it is with a great deal of pleasure, but also with an overwhelming sense of responsibility, that I make my remarks in this annual report.

Let me firstly address the management changes.

Page 9 of this report contains a simplified organization chart and management structure that displays the changes in a graphic form. Johnny will be taking up the post of Vice Chairman, with a primary responsibility for managing and enhancing our origination efforts at Crosby, the investment banking platform that we acquired last year, whilst I will be taking up the reins as CEO. In Johnny's case, this is in many ways a "return to his roots"; in 19 years as an investment banker based in Hong Kong, he has established a fabulous track record and unique ability to convert corporate finance opportunity into deal flow. One of the reasons why I am so optimistic about our ability to rebound from the awful year that we had in 2001 and to recover value for our shareholders is my faith in Johnny's qualifications for rejuvenating the Crosby brand as a trusted independent Asian investment bank. Indeed, the early signs are very encouraging, and our "pipeline" of mandated transactions with substantial fee income has grown in Quarter 1 of 2002.

Additionally, Johnny will take up primary responsibility for the rollout of our coverage in China; this is a vital long-term initiative and in this context the early signs are encouraging, following the recent hiring of a leading investment banker as head of our China practice. We are in the process of applying for formal approval to base our office in Shanghai, and look forward thereafter to completing some exciting transactions on behalf of Chinese and regional clients active in China, who are generally under-serviced in terms of high quality investment banking advice in this important market.

The rest of the senior management group has been swift in taking up the broader corporate finance focus following a period of integration in December 2001 after the acquisition of Crosby. As a result of these changes, we now have high quality and determined teams of investment bankers based in Korea, Singapore, London and Hong Kong, with additional coverage from those offices of Mainland China, the Philippines, Malaysia, Indonesia, India and the Middle East. All of the team leaders in our regional offices are investment bankers with extensive experience and a track record of closing significant transactions.

We are making these changes in order to accelerate the progress of Crosby towards becoming Asia's leading independent investment banking firm. My senior management team and directors share the view that there is a gap in the market that can be filled by Crosby, and that we have the requisite management expertise, network, financial resources and motivation to succeed in this business objective. The first quarter of 2002 has seen tangible progress in marketing ourselves as an integrated investment banking business, evidenced in a gratifying pipeline of mandated deals. I am pleased to report that our current pipeline is diverse in terms of geography and sector, with mandates from companies in Korea, Hong Kong, Singapore and the Philippines for mergers and acquisitions advisory work, structured finance and private placements.

Turning back to last year, as Robert (our Chairman) said in his opening statement, our business has taken a heavy toll from the market collapse in technology stocks and other events of last year. I do not intend to restate this obvious position, but would like to take this opportunity to highlight the fact that, despite the very significant provisions we have made in the value of our portfolio, we are focused on initiatives designed to recover some value in the future.

In this context we have formed a special team to look at all aspects of the potential recovery of value from the companies that are still "operational", but which are challenged by harsh market conditions. In most cases the amount of cash that might be recoverable in the short term is modest. In at least some cases, we may help the respective management teams to effectively close down their current operations or sell their companies to larger organizations that might be better placed to create some value. This initiative is directly supervised by me, and reflects our determination to recover whatever value is possible through being pro-active.

On a positive note, I would like to turn to our subsidiary company, Spike Limited. We took control of Spike in February 2001 and, following a period of wide-ranging and thorough review, the new management team led by Peter Williamson took up the helm in the second quarter of last year. Whilst it is still premature to say unequivocally that the investment has been successful (Spike is still in the process of building out its new business model), there is reason to be cautiously optimistic about the likely financial results for this coming year.

One of the main reasons that we are pleased with the progress of Spike is the unique customer orientation of Peter Williamson and his colleagues. This has resulted in the acquisition and retention of significant new blue chip clients. Work has been completed for companies such as Toyota, Mars, the Australian Army, Credit Suisse, Deutsche Bank, Fujitsu, Panasonic, NEC, PCCW, HSBC and Singapore Airlines in Australia, Japan, Hong Kong and Singapore.

Additionally, Spike has been able to diversify its product range beyond web-site development into becoming a leading integrated marketing and communications company, where the online expertise that was developed in the period 1996 to 2001 has been bolstered by services that include large scale event management, brand development, integrated communications across diverse geographies and complex software integration projects that allow the delivery of cost-saving ERP and CRM solutions.

For the fiscal year 2001, our Group results were significantly affected by the costs of restructuring Spike, and by its operating loss. The latter was actually greater than expected, and was exacerbated by a noticeable market slowdown after the events of September 11th. However, billings have increased steadily in the first quarter of 2002, and I am hopeful that this will be the year when we are able to demonstrate a clear turnaround in the financial performance of Spike, and therefore match the high quality work that Spike does for its clients with commensurate returns for its shareholders, including techpacific.

Finally, I would like to take this opportunity of expressing my gratitude for the hard work of my colleagues, the support of my board of directors and the patience and continued goodwill of our shareholders. We are ultimately accountable to these constituencies and without their support, I believe we would have been in even more difficult circumstances than at present; it is in large part due to them that we are able to face the future with the optimism that has now started to pervade the business.

Ilyas Khan
CEO
18 March 2002

Changed Unchanged

Renaming the Group to "Techpacific Capital Limited"

Creating value for our clients and shareholders

Summary Group Structure Chart

techpacific.com Limited (Cayman Islands)

Corporate Finance

- Crosby Limited (Hong Kong)[1]
- Crosby Advisory (Singapore) Pte Limited (Singapore)[2]

Further representation in London (covering the Middle East), Korea, Mainland China and the Philippines.

1 99.9% owned by the Group
2 95% owned by the Group

Venture Capital and Asset Management

- techpacific.com Venture Capital Limited (BVI)[3]
  - Manager **The Nirvana Fund**
- Softech Investment Management Company Limited (Hong Kong)[4]
  - Manager **Applied Research Fund**

The recent acquistion of the Crosby group includes Crosby Asset Management (Hong Kong) Limited.

3 75.1% owned by the Group
4 50.0% owned by the Group

Digital Services

- Spike Limited (Cayman Islands)[5]
- Spike (Hong Kong) Limited
- Spike (Japan) Limited (Cayman Islands)
- Spike (Singapore) Pte Limited (Singapore)
- Spike (Australia) Pty Limited (Australia)

5 54.82% owned by the Group

The Board of Directors

Robert Owen
Executive Chairman

Johnny K.C. Chan
Vice Chairman

Ilyas Khan
Chief Executive Officer

Corporate Finance	Venture Capital and Asset Management	Digital Services (Spike)
Ilyas Khan	**Johnny K.C. Chan**	**Peter Williamson**

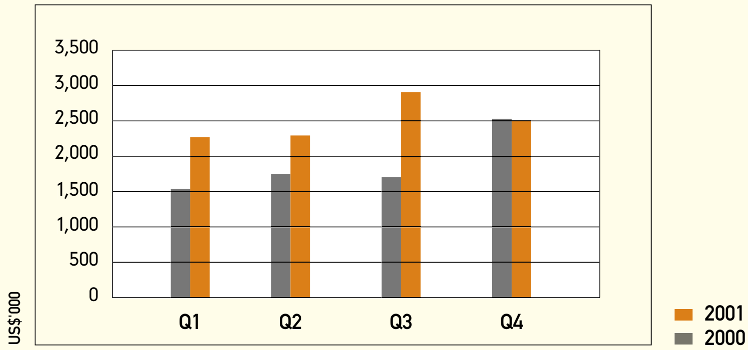
Changed

Unchanged

Acquisition of "Crosby" the regional independent corporate finance and asset management group

VC management remains a key part of the Group's business

Gross Revenues by Quarters (Including Spike)



Corporate Finance

The Group's corporate finance activities are undertaken through Crosby, which the Group acquired in November 2001 as part of its strategic plan to broaden its investment banking and fund management franchise into sectors beyond technology. Crosby has been providing capital raising, mergers and acquisitions, restructuring, corporate finance and strategic advisory services for clients across the Asia-Pacific region since 1984. Its widespread cross-border expertise and comprehensive pan-Asian network enable us to offer clients international standard investment banking and asset management services combined with a deep knowledge of Asian markets. The future development of the Group's investment banking and asset management business will therefore take place under the Crosby brand.

In 2001, most institutional investors adopted a highly cautious approach, and either deferred investment decisions in the absence of any clear indication of market revival, or sought to divest themselves of their technology investments. The resultant sharp decline in overall capital-raising activity for Asian technology companies had a profound impact on the fee-based revenue derived by the Group from its previous technology-focused capital-raising and corporate finance advisory services. These revenues were no longer sufficient to cover fully the infrastructure created to support the Group's investing as well as fee-earning activities, as they did in our previous 2 years. The Group's consolidated operating revenues derived from corporate finance activities for the year 2001 decreased by US$ 3.1 million or 82% to US$ 0.7 million.

During the past few months, the Group's focus has been to build on its established position as a leading provider of capital-raising and advisory services to regional technology companies by applying its corporate finance skills and unique investor network to a broader base of clients and products. This expansion of the Company's corporate finance activities beyond the technology sector is expected to show some positive impact on revenues in 2002.

Towards the end of 2001, there were some early indications that market conditions were changing favorably, evidenced by a growing number of potential and mandated corporate finance transactions.

The Crosby group comprises 22 corporate finance and investment professionals with extensive international experience earned at some of the world's leading financial institutions. The collective experience of our team members enables us to have depth of expertise in several industry sectors, which include technology, telecommunications, media, financial services, energy, logistics and natural resources. In addition, our clients benefit from the hands-on involvement of the most senior members of the Crosby team in each transaction. We combine first tier financial advice with the flexibility and creativity of a small, responsive firm. Our relatively low cost structure allows us to profitably undertake smaller transactions than are usually targeted by the large international investment banks.

Products and Services

Mergers and Acquisitions (M& A) and Corporate Finance Advisory Services

Crosby has extensive experience and a long-established track record in mergers and acquisitions advisory work throughout Asia. Crosby's independence, its pan-Asian reach, and the skill-sets of its corporate finance personnel enable it to provide clients with high quality, impartial advisory services with an Asia-wide focus.

Regional & Cross-Border

Crosby focuses on cross-border transactions in Asia on behalf of purchasers from developed economies such as North America, Europe, Hong Kong & Singapore, with cash and/or liquid equity, seeking to acquire assets in Asia's emerging markets, particularly Mainland China, Korea, Taiwan, India and Indonesia. The level of intra-Asian activity is rising and Crosby's Greater China focus is expected to become increasingly important.

Corporate, Private Equity & Venture Capital

Crosby targets corporate, private equity or venture capital investors seeking exits for their investments in private companies by selling to strategic buyers with cash, liquid equity and operational expertise. We also provide specialist portfolio restructuring advice to firms with technology-oriented portfolios, and have acted in this capacity for a number of Hong Kong-based clients.

Strategic Trade Sales

Crosby assists majority shareholders of established private companies seeking trade sale opportunities. An example of this activity was the closing, in December 2001, of a transaction handled by the Crosby team in Singapore on behalf of PT Holdico Perkasa in Indonesia which resulted in the sale of a 60% stake in Salim Rengo Containers to Rengo Company Limited of Japan.

Restructuring

Crosby provides debt restructuring and financial engineering services for special situations in emerging markets such as conglomerate spin-offs to unlock value. The natural resources and energy sectors in Malaysia and Indonesia and the continuing restructuring of corporate Korea offer transaction opportunities of this kind.

Leveraged/Management Buyouts (LBO/MBO)

Crosby advises corporate clients and traditional buyout funds in structuring leveraged/management buyout transactions and also arranges financings in relation to such transactions through a global network of investors. Through the specialized knowledge that we have built up in the private placement market (see below), we have developed a close working relationship with a number of the more active buy-out funds and are currently examining LBO possibilities in Hong Kong and Singapore.

Debt Restructuring

Crosby provides solutions that permit its clients to rationalize their capital structure and make mutually beneficial arrangements with creditors to permit operational flexibility while servicing continuing debt obligations. In the short period of time since the integration of Crosby with techpacific's existing businesses, it has become apparent that this type of activity is likely to provide the Group with a unique opportunity to add value for its clients, and we expect Malaysia, Korea, Indonesia and the Philippines to be markets offering good deal flow.

Independent Financial Advisory

Crosby has a well-established reputation as a provider of independent financial advice ("IFA"). Crosby provides expert opinions as independent financial advisor to clients requiring valuation analysis and fairness opinions in M&A transactions. Crosby also advises clients on reverse takeovers, notifiable and connected transactions under the listing regulations of Stock

Exchanges in Hong Kong and Singapore. During the first quarter of 2002 (i.e. the first few months after the integration of Crosby), we completed 5 transactions in Hong Kong.

Project Finance

Through access to a regional and global network of sophisticated investors and in-house expertise, Crosby offers clients innovative and practical project-based financing solutions, using both debt and equity markets.

Private Placements

Crosby has a unique capability in Asia to assist in venture capital and private equity fundraisings from institutional and corporate investors. We have a substantial track record of completed capital raisings for private companies from an international network of more than 150 institutional investors, major corporates, venture capital firms, strategic investors and high-net-worth individuals. Our distribution network is extremely effective; with 5 dedicated professionals, we believe we are currently a market leader in this important capability.

Despite weak market conditions for most asset classes, we believe that the private equity market will grow and that, on a medium term basis, the servicing of private equity fund managers is an attractive business. Our current portfolio of mandates reflects not only the growth of this market, but also our leading position in the distribution of such transactions in Asia. At the time of writing, Crosby was mandated to raise capital from the private equity market for 8 issuers.

Target fund-raising clients include Asia-based ventures and late-stage companies, overseas-based companies expanding into Asia, and overseas-based companies seeking Asian capital.

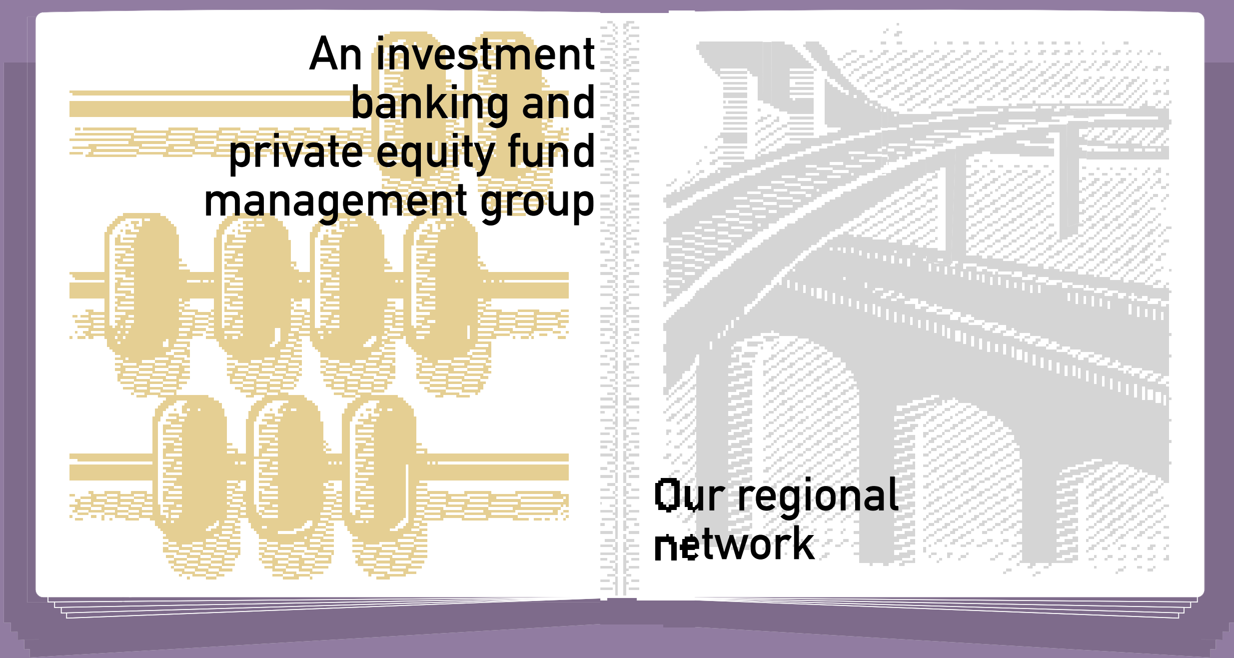
Distribution clients include top traditional private equity and buyout funds, venture capital funds and strategic corporate investors, commercial banks and asset managers across Asia (including Hong Kong, Taiwan, Singapore, Korea and Japan) as well as investors based in the U.S., the Middle East and Europe seeking Asian exposure.

Merchant Banking

On certain occasions, Crosby will apply proprietary capital to special investment situations with potentially superior returns. By investing in undervalued assets, we aim to unlock their true value by applying and combining investment banking and deal-making skills with a unique investor network. The first example of this is our investment in Spike Limited during the first quarter of 2001; a fuller description of Spike is included on page 17 of this report.

Whether handling buyouts or acquisitions of undervalued assets, Crosby favours deals in sectors where it has a strong focus, such as technology, media, logistics and related industries, to ensure that the maximum leverage is earned from our network and skill-sets.

Changed Unchanged



Venture Capital and Crosby Asset Management

Venture Capital (VC)

The past year has not been easy for the nascent technology venture capital industry in Asia. A large number of international funds who established a presence in the region during 1999 and 2000 have scaled back their activities, while a greater quantity of smaller locally established funds based in Korea, Hong Kong and Singapore have been forced to suspend their venture investing due to the large losses that have afflicted the sector. As a result, very few early-stage technology ventures got off the ground, while a large number of more mature ventures in need of funding were starved of much-required capital.

We believe that the success of venture capital funds in Asia's technology space will be determined by the extent to which the venture capitalist can build lasting partnerships with his portfolio companies. Companies in which our funds invest have access to many resources beyond just capital. In addition to obtaining the strategic direction and guidance traditionally provided by the established venture capital firms, our investees are able to leverage off the extensive relationships we have with industry players in this part of the world, as well as from a regional network of partners with a vast range of experience and expertise. By utilizing this network we believe that a number of companies that might otherwise have fallen into receivership have survived and have a better chance of seeking further capital if the markets eventually recover.

Despite this, we have had to mark down the value of our portfolio very substantially. As has been reported in our previous quarterly earnings announcements and also at the start of this year's annual report, we have adopted a generally cautious approach to the valuation of our investee companies.

We currently manage two funds:

The Nirvana Fund

The US$66 million Nirvana Fund (the "Fund") has an Asia wide focus on early stage technology companies. techpacific is a significant investor in this fund and our co-investors include leading institutions from Europe, Asia, the Middle East and North America.

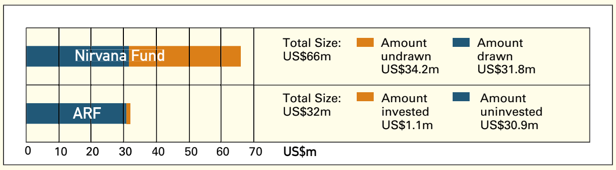
During 2001, the focus of this fund has mainly been on managing the existing portfolio companies and assisting them in their business development, operations and finance. As of 31 December 2001, less than 50% of this Fund was drawn and deployed. The capital that has been invested last year is mainly focused on supporting existing companies that have met their milestones and which we believe have the necessary characteristics to become successful over the course of at least the next 2 years. We have also in some cases made the difficult decision to close down portfolio companies and extract available cash. Two new companies were nevertheless added to our portfolio this year with a total invested amount of US$ 2.2 million.

The Applied Research Fund

The Applied Research Fund (the "ARF") is a HK$250 million fund provided by the Hong Kong SAR Government's Innovation and Technology Commission through the Applied Research Council. The mandate of the ARF is to invest in promising Hong Kong-based technology ventures. The ARF is managed by techpacific through our 50% owned subsidiary, Softech Investment Management Company Limited, which is a joint venture with Softbank.

The focus of the ARF in the year under review has been on uncovering investment opportunities. An MOU was signed with the University of Science and Technology R & D Corp to assist the Fund in gaining access to innovative technologies. The flow of potentially attractive investment opportunities at reasonable valuations has increased in recent months and the investment activities of the ARF are expected to accelerate in the coming year.

Status Summary of Funds:

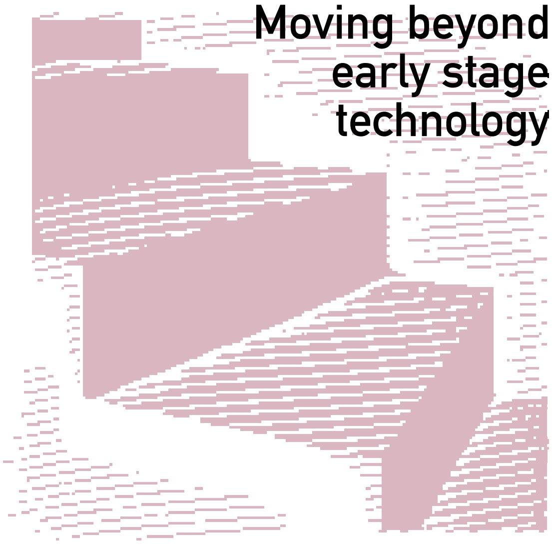


Crosby Asset Management

Our acquisition of Crosby included Hong Kong-based Crosby Asset Management (Hong Kong) Limited ("CAM"), which is a fund management business regulated by the Securities and Futures Commission of Hong Kong.

This company was previously active in managing a broad range of assets during the early and mid-1990's. It is the intention of the Group to acquire or raise private equity and other funds in non-technology areas, utilizing the relatively well-known brand name of CAM and leveraging our existing relationships.

Changed Unchanged



Moving beyond
early stage
technology

People remain our
single most important
asset, along with depth
of skill-sets necessary
to achieve success

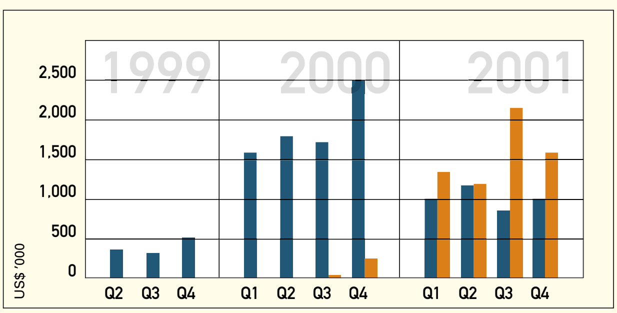
Digital Services – Spike Limited

During early 2001, we acquired a controlling stake in Spike Limited ("Spike"), a fully integrated marketing communications company delivering digital and traditional communications solutions in both online and offline environments for its diverse client base of major regional and international corporations throughout Asia and Australasia. Our stake was acquired through purchasing 30% of the company from PCCW (paid for in scrip with shares worth approximately 4.5 % of techpacific) and a further 21% through additional long-term finance. As a result of subsequent purchases by Spike of companies in which techpacific held equity, our ownership has grown to over 54%. In total, the Group invested approximately US$8 million (excluding share issuance) during 2001 into the recapitalization of Spike.

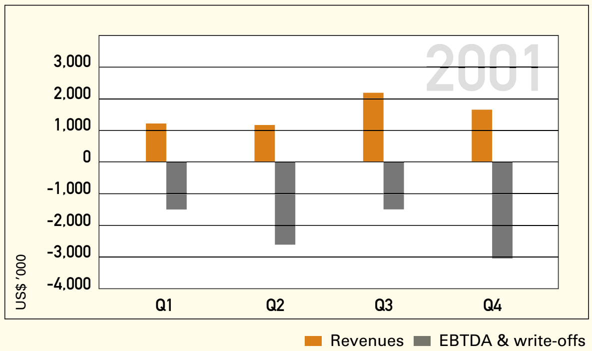
In April 2001, a new CEO of Spike, Peter Williamson, was appointed. Together with his management team, he was able to hold down costs, improve operational systems, widen Spike's product offerings and energize the sales force, thereby increasing the overall pace of client acquisition considerably. The market space in which Spike operates is witnessing large-scale rationalization. While many competitors have been forced to exit the market, Spike has managed to grow its business. In the first five months of FY 2001 (since Spike has been a subsidiary of the Company) Spike's sales were US$2.3 million. Following the initiatives of the new management, sales in the second half-year rose to US$3.8 million.

Spike's management team has lowered the cost base of the business through personnel retrenchments,

Group E-services Income Versus Non E-services Income Since Inception



Financial Highlights of Spike Group by Quarters in 2001

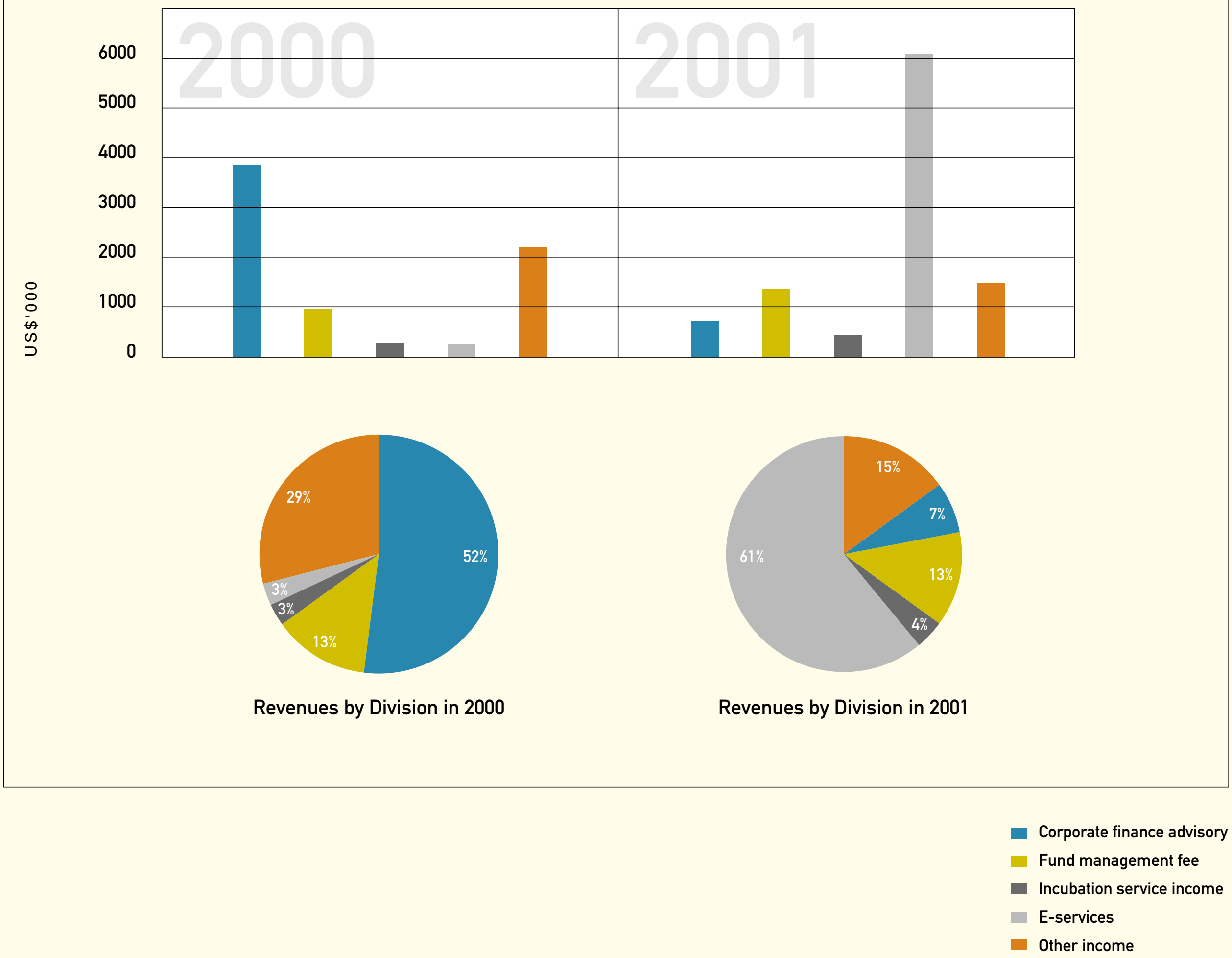


the restructuring of staff compensation and tighter cost control. These cost-cutting and restructuring efforts, along with the above-mentioned increase in revenues, resulted in approximately neutral operating losses between the first six months and second six months of FY 2001. This has positioned the operation to enter 2002 well-poised for success.

Spike currently employs 147 staff throughout its offices in Sydney, Tokyo, Hong Kong and Singapore. Spike plans to establish a presence in Greater China, South Korea and Taiwan in the next 12 months to supplement its current geographic spread. The Sydney head office is the main base for its Asian business, and regional expansion will be achieved through the acquisition of existing enterprises or the establishment of operations in the relevant countries.

From a product standpoint, Spike's expansion into providing integrated communications solutions has occurred in parallel with the development of web-based enterprise solutions, allowing Spike to offer its customers end-to-end integration incorporating both marketing and technical elements. Spike is already widely recognized for its award-winning activity in the digital services market, providing an extensive range of technology consultancy, web-enabling and integration services, including web design and development, network management, online brand development and e-implementation solutions. Spike's products also extend beyond the Internet, encompassing strategy development, technical solutions, multimedia and online and offline marketing communications.

Division Revenues for 2000 and 2001(Including Other Income)



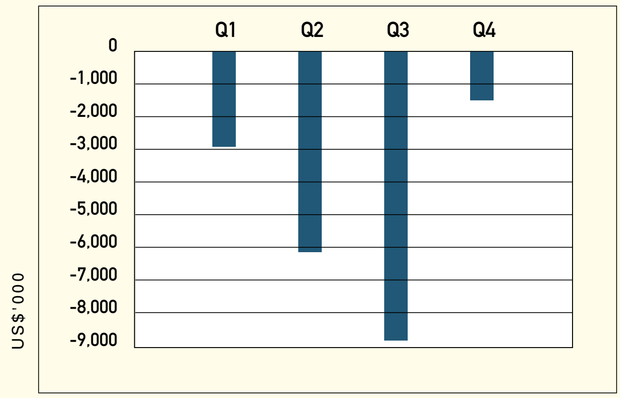
Revenues by Division in 2000

Revenues by Division in 2001

Consolidated Operating Revenues

Consolidated operating revenues for the twelve months of 2001 grew by US$2.5 million, or 33% to US$10.0 million from US$7.5 million for the year 2000, driven primarily by Spike. The increase in revenue at Spike is noteworthy since it occurred against a backdrop of a deteriorating economic environment, and in the context of significantly reduced corporate expenditure on technology projects in the Asia Pacific region.

Total Write-offs by Quarter in 2001



Corporate Finance

Consolidated operating revenues derived from our corporate finance business for the year 2001 fell to US$0.7 million. The reasons for this are described in the Business Review of Corporate Finance section of this Report. While the Company had a considerable number of fund-raising mandates outstanding, only a few were successfully closed during the year.

During the last quarter of the year, we were able to complete the acquisition of Crosby, which will assist the Group to expand its corporate finance activities beyond the technology sector. In the past three months a significant pick-up in corporate finance mandates has been noted, including several transactions which are larger than those we have handled in the past.

Spike Limited

Following its acquisition of a majority interest in Spike, techpacific appointed a new Chief Executive who has succeeded in rationalizing costs, improving operational systems and energizing the sales force. The result has been a significant increase in revenues, which totalled US$6.2 million for the year 2001, although the overall operations remained loss-making (operating losses before depreciation amortisation and provisions totalled US$8.6 million).

During 2001, the Group invested approximately US$8 million into the recapitalization of Spike.

Venture Capital

The revenues from our venture capital business consist of annual management fees based on the volume of assets under management in the two funds managed by the Group. In the full year 2001, revenues grew to US$1.3 million from US$0.9 million in the year 2000.

Others

The Company continues to derive interest income from its uninvested pool of cash, although the absolute level of interest income fell by US$0.8 million, or 42% to US$1.1 million, due to a lower level of investible cash and the sharp decline in interest rates.

Consolidated Operating Expenses

Our consolidated operating expenses (before depreciation, amortisation and provisions) for the twelve months of 2001 (which include Spike's expenses of US$14.7 million) increased by US$18.2 million, or 318%, to US$23.9 million from US$5.7 million for the same period in 2000. This increase was principally attributable to the consolidation of Spike and provisions against loans to investee companies.

techpacific.com Limited

The following table analyses the total operating expenses relating to the Group's activities, excluding Spike, for the years 2001 and 2000 and the percentage of each major expense item relative to the total.

Twelve months ended 31 December:

	2001		2000	
	US$'000	**%**	**US$'000**	**%**
Staff costs	4,882	49	2,802	46
Rent, rates & utilities	949	10	559	9
Legal & professional fees	683	7	547	9
Travel	222	2	264	4
Provision for doubtful debts	1,746	18	–	–
Marketing	216	2	555	9
Depreciation	543	5	318	5
Other costs	704	7	1,086	18
Total	**9,945**	**100**	**6,131**	**100**

Staff compensation and benefits contributed to the 62% year-on-year increase in operating expenses, as the Company built up its staff count at the beginning of 2001 to 49. Within the year, however, as market conditions deteriorated, the Company undertook right-sizing efforts to put costs in line with realistic expectations of revenues and the number fell to 40. The beneficial effects of these efforts will be seen in 2002. Rent expenses increased 70% in 2001 after taking into account the full 12 months of rent on the incubation facility acquired in 2000. During the year, however, the Company relinquished its main office space to minimize rental expenses and combined all Hong Kong-based staff into its Cosco Tower office. There was also a significant increase during the year in provisions for doubtful debts as certain investee companies were unable to raise subsequent rounds of financing, decreasing their ability to repay advances from the Company.

Spike Limited

Spike management focused in the year 2001 on lowering the cost base of the business through staff retrenchments, the restructuring of staff compensation and tighter cost control.

Cashflows

Operating Activities

Net cash outflows from our operating activities in FY 2001 were US$12.6 million, including Spike's net cash outflows from operations of US$8.2 million. Spike's operations continued to be loss making during the year.

At the Company level (excluding Spike), a key factor in the increased usage of cash was significantly lower revenues from corporate finance and incubation services. The corporate finance division was unable to complete several fund raising mandates as many investors deferred making investment decisions, while the incubation business was gradually wound down during the year resulting in many tenants leaving.

Investing Activities

Our use of cash for investing purposes in the twelve months of 2001 increased due mainly to the above-mentioned advances made to Spike. The Company also made an investment of US$0.3 million in Spike Networks

Limited preparatory to the planned merger between Spike Limited and Spike Networks Limited.

The Company does not expect to make any large investments in the near term. Requests for follow-on investments from existing investees may be considered by the funds managed by the Group.

Financial Condition

Our consolidated total assets as of 31 December 2001 decreased by US$32.4 million or 52% to US$29.5 million from US$61.9 million at 31 December 2000. The decrease resulted mainly from increased provisions for impairment taken by the Company on its portfolio of investee companies (not including Spike, which is consolidated) and higher provisions on certain receivables from investee companies who were unable to raise subsequent rounds of capital. In total, the Company provided for US$21.3 million of investments and receivables in the year 2001.

Having taken such large provisions in the year 2001, after a thorough review of each investee company's business in the current market, the Company believes that the carrying cost of the investment portfolio is such that further major provisions are unlikely to be necessary.

The Company continues not to have any bank debt.

Acquisitions

In February 2001, the Company, through its wholly owned subsidiary, techpacific.com Digital Limited, acquired 50.1% ownership in Spike Cyberworks Limited (now renamed Spike Limited), which is engaged in the business of digital services consultancy. The Company acquired Spike by way of the issue of 114,170,000 new shares and additional long-term finance. In June 2001, the Company sold its equity interests in three of its investee companies resulting in an increased equity stake in Spike of 54.82%.

In November 2001, the Company purchased 100% of the share capital of Crosby Asia Holdings Limited, a BVI company, which holds 95% of Crosby Advisory (Singapore) Pte. Limited and several other asset management and corporate finance entities.

Board of Directors

Robert John Richard Owen

Chairman
As the Chairman of the techpacific Group, Robert Owen is responsible for overall supervision of the Group's management and maintaining relationships with key strategic partners of the Group, its investors and regulators. Robert has over 30 years of experience in the financial services industry. Since 1992, he has held senior positions in the Asian operations of the Nomura Group, as well as being a director of Sunday Communications Limited, the International Securities Consultancy Limited, European Capital Co. Limited and various other enterprises. From 1993 to 1996 he was a council member of Lloyds of London. In 1988, Robert was recruited by the Hong Kong Government as Advisor on Securities Markets to implement extensive reforms to the Hong Kong regulatory system, which included the establishment of the Securities and Futures Commission (SFC). In 1989, he became the first Chairman of the SFC, where he served to 1992.

Johnny Chan Kok Chung

Vice Chairman
Johnny Chan co-founded techpacific with Ilyas Khan. As Vice-Chairman, he heads the origination team of Crosby in addition to directing the strategic development of the Group and overseeing the Venture Capital business. With 19 years of experience in leading global financial institutions, Johnny is a veteran in corporate finance and investment banking. In 1999, he was a Managing Director of Bear Stearns Asia Limited, in Hong Kong. Prior to that, he was an Executive Director at Union Bank of Switzerland. Johnny is an assessor in the Hong Kong Government's Small Entrepreneur Research and Assistance Program under the Innovation Technology Fund. Johnny is also a Director of Softech, a joint venture between techpacific and Softbank, which acts as a manager of the Hong Kong Applied Research Fund.

Ilyas Tariq Khan

Chief Executive Officer
Ilyas is the co-founder, together with Johnny Chan, of techpacific. Prior to founding techpacific in Hong Kong in December 1998, Ilyas was a senior member of the management team and a Managing Director of Nomura, based in Hong Kong, responsible for a regional (non-Japan Asian) investment banking and fixed income business.

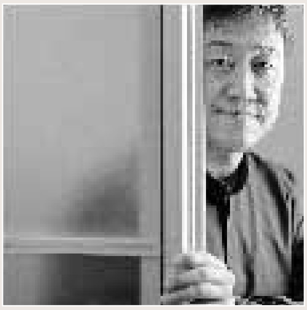
Ilyas has more than 16 years' corporate finance and investment banking experience with financial institutions such as Citicorp, UBS and Schroders. During that period, he has built a track record that includes the origination and execution of a large number of deals, including many that were voted as "deals of the year" at the time they were executed. At Citicorp and UBS, Ilyas initiated, built, and then managed regional corporate finance and capital market businesses in Asia.

In addition to techpacific.com and Crosby, Ilyas is also a board member of various companies in Asia, including Spike Limited, the award winning Australian based digital services firm (Spike is majority owned by techpacific), and Entone, a Hong Kong and US based broadband services company.

Ahmad S. Al-Khaled

Ahmad S. Al-Khaled is the Chief Operating Officer of Tekbanc Limited, a global Venture Capital firm that invests in private and publicly held companies in high growth sectors. Ahmad is also the Assistant Deputy Director and Head of the Investment Funds Division at the Kuwait Fund for Arab Economic Development which he joined in 1995. His responsibility is to lead a team of investment professionals in strategizing, analyzing, investing, and monitoring a portfolio of investment funds that include hedge funds, long-only equity, fixed income, private equity and real estate funds.

Executive Directors
Non-executive Directors
Independent Non-executive Directors



Francis Yuen Tin Fan

Francis Yuen is Deputy Chairman of the Pacific Century Group and Chairman of Pacific Century Insurance Holdings Limited. He was in former years Managing Director of Citicorp Scrimgeour Vickers, Hong Kong. In 1988, Francis was appointed Chief Executive of the Stock Exchange of Hong Kong and served in that post until 1991. From 1992 to 1994 he served as a member of the International Markets Advisory Board of NASDAQ.

Junichi Goto

Junichi Goto is currently Chairman and Chief Executive Officer of Go-To-Asia Investment Limited. Until 2001, he was President and CEO of Softbank and President and COO of Softbank Investment International (Strategic) Company Limited. Junichi's other positions include a directorship of Soft Trend Capital Corp., a company incorporated in Japan engaged in venture fund management. Prior to joining the Softbank Group in July 1999, Junichi was President and CEO of Nomura China Venture Investments Limited and Managing Director of the China Investment Banking Department of Nomura International (Hong Kong) Limited.

Max Carrol Chapman, Jr

Max Chapman served during the 1990's as Co-Chairman and Chief Executive Officer of Nomura Holdings America Inc., and Chairman of Nomura Europe Holdings Plc in London. Prior to that he was President and Chief Operating Officer of the Kidder Peabody Group Inc. and President and Chief Executive Officer of Kidder Peabody & Co Inc., its investment banking and broker-dealer subsidiary.

Alec Tsui Yiu Wa

Alec Tsui is a founder of WAG Financial Services Group, a Hong Kong-based provider of financial management consulting services. He is also Advisor and Council Member of the Shenzhen Stock Exchange. From August 2000 to February 2001, he was Chief Executive of the iRegent Group Limited, a Hong Kong listed investment company. Prior to this, he was Chief Executive of The Stock Exchange of Hong Kong Limited, which he joined in 1994 as Executive Director of the Finance and Operations Services Division. Following the merger of the Stock and Futures Exchanges in 2000, Alec was the Chief Operating Officer of the Hong Kong Exchanges and Clearing Limited. Prior to joining the Exchange, he was an Assistant Director of the Securities and Futures Commission of Hong Kong from 1989 to 1993. Alec has also been a member of numerous public bodies and community service organizations, including the Supervisory Committee of Tracker Fund of Hong Kong, the Standing Committee on Company Law Reform, the Hong Kong Trade Development Council Financial Services Advisory Committee and ICAC's Professional Ethics Programme for the financial services sector.


Changed
Unchanged
Diversifying beyond the tech sector
Devoting resources to productive corporate finance and fee-earning activities

Senior Management

Robert Owen
Chairman

Johnny Chan
Vice Chairman

Ilyas Khan
CEO

	Investment Banking			Spike Limited

Michael Scott
Chief Financial Officer

An experienced finance and operations director, Mike has been working in financial services since 1984. Prior to joining techpacific, Mike held a number of senior regional COO & financial controller roles with Credit Suisse First Boston, The Crosby Group and BZW. Recently, he has carried out major management consultancy projects for Goldman Sachs, ABN AMRO Asia and the Bank of China.

He has played major roles in the building of new securities, investment banking and asset management businesses, together with the necessary support and control infrastructures globally, but particularly throughout the Asia Pacific Region.

Mike is a UK Chartered Accountant, training and becoming an Audit Manager with Pannell Kerr Forster, in London. He has been based in Hong Kong since 1994.

Ahmad Salam
Managing Director
(UK & Middle East)

Ahmad is Managing Director based in London and is reponsible for spearheading Crosby's initiatives in the UK and the Arab countries. Ahmad is the point man for shareholder relationships in the Gulf and the development of the Islamic Finance initiative. He is also a member of the Structured Finance Group within Crosby. In addition, Ahmad is responsible for Project Finance, again with specific focus on the Gulf states.

Ahmad is a career investment banker with considerable experience in debt capital markets and structured products, in addition to experience and depth in treasury functions. He began his career with NM Rothschild in 1983 and has worked for Chase Investment Bank, Paribas and CS First Boston. Most recently, Ahmad was the Managing Director of Arab European Capital in London.

Ian Gibbs
Managing Director
(Singapore)

Ian is the Managing Director of Crosby Advisory and is based in Singapore. Ian joined the Crosby Group as a Director in 1997 and has been the Managing Director and Head of Crosby Corporate Advisory since 1999. Ian became the majority shareholder of the Crosby Group in Asia following a management buy-out in July. In October 2001 he successfully negotiated a merger of the Crosby Group with techpacific and currently leads the merged group's South East Asian operations from Singapore.

Prior to joining the Crosby Group, Ian was responsible for the Asian operations of Enskilda Securities and was based in their Singapore office. He joined Enskilda Securities (London) in 1990 and worked on a range of corporate finance transactions, including major debt restructuring assignments, which followed the Scandinavian crisis in the early 1990s. Prior to that, Ian was with Arthur Andersen (London) for four years.

Ian has worked for a client base that includes both western and Asian multinationals, assisting them in making acquisitions and divestments. He has led a number of corporate advisory transactions across Southeast and North Asia.

Chris Leahy
Managing Director

Chris is Managing Director (based in Hong Kong) responsible for the overall delivery of Crosby's regional corporate finance capability. Chris also has a specific responsibility for directing Crosby's technology investment banking team that focuses particularly on semiconductors, networking, media and software.

Prior to joining the techpacific Group, Chris was an Executive Director at BNP Prime Peregrine where he executed a number of successful Hong Kong IPOs. Chris also has extensive experience in M&A and restructuring transactions.

Chris started his investment banking career in the UK with Greenwell Montagu Securities and Warburg Securities and the Bank of Butterfield Group before moving to Hong Kong in 1995.

Peter Williamson
Chief Executive Officer

Peter took up his position as Spike's Global Chief Executive Officer in April 2001. He is responsible for developing Spike's overall strategy and realising stakeholder investment outcomes. On a tactical level, Peter has overall responsibility for day-to-day direction and management, ascertaining core competencies and points of differentiation, and for ensuring that Spike delivers on its promise and vision of being "the number one supplier of integrated marketing communications solutions in the Asia-Pacific region".

Peter came to Spike from an 18-year career at Telstra. Immediately prior to Spike, he was Telstra's Director of Corporate Sales, where he developed and implemented a restructure and right-sizing plan, managing over 400 people and delivering on an annual sales target of A$1.7 billion. Prior to that he was CEO of Telstra in the USA and New Zealand, where he developed brand awareness and dramatically increased revenue.

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to act as the holding company of the Group. The principal activities of its principal subsidiaries are set out in note 9 to the financial statements.

SEGMENTAL INFORMATION

A segmental analysis of the Group is set out in note 3 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2001 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 38 to 74.

The directors do not recommend the payment of a dividend for the year.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 10 to the financial statements.

SHARE CAPITAL AND SHARE OPTION SCHEMES

Details of movements in the authorised and issued share capital of the Company during the year are set out in note 20 to the financial statements.

Details of the share option schemes of the Company are set out in note 28 to the financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in note 21 to the financial statements.

SUBSIDIARIES AND ASSOCIATES

Particulars of the principal subsidiaries and associates as at 31 December 2001 are set out in notes 9 and 11 to the financial statements respectively.

MAJOR CLIENTS AND SUPPLIERS

The percentages of revenue for the year attributable to the Group's major clients are as follows:

–	the largest client	24%
–	five largest clients	62%

The five largest suppliers of the Group accounted for less than 30% of the Group's total purchases for the year.

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately US$6,000.

DIRECTORS

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

Executive directors:

Robert John Richard Owen *(Chairman)*
Johnny Chan Kok Chung *(Vice Chairman)*
Ilyas Tariq Khan *(Chief Executive Officer)*

Non-executive directors:

Ahmad Al-Khaled	
Francis Yuen Tin Fan	
Junichi Goto	(appointed on 15 January 2001)

Independent non-executive directors:

Max Carrol Chapman,Jr.	
Alec Tsui Yiu Wa	(appointed on 28 August 2001)
Peter Raymond Clarke	(resigned on 28 August 2001)

Francis Yuen Tin Fan, who was originally appointed as an independent non-executive director of the Company, was redesignated as non-executive director of the Company on 14 March 2001 following the completion of the acquisition of Spike Limited (formerly known as Spike CyberWorks Limited) by the Company. As a result of this transaction, Pacific Century CyberWorks Limited where Francis Yuen Tin Fan is the deputy chairman is interested in approximately 4.5% of the issued share capital of the Company.

In accordance with article 87 of the Company's Articles of Association, Messrs Francis Yuen Tin Fan and Max Carrol Chapman,Jr. retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors entered into a continuous service contract with the Company commencing on 23 February 2000. The contracts of Robert John Richard Owen, Johnny Chan Kok Chung and Ilyas Tariq Khan were for a fixed term of two years from the date of execution and thereafter continue unless terminated by not less than three months' notice in writing served by either party on the other. Each of these executive directors is also entitled to a discretionary bonus payable in December of each year at the discretion of the Board. None of the executive directors is entitled to vote on Board resolutions relating to any discretionary bonus payable to him.

The non-executive directors have not been appointed for any fixed term but are subject to retirement by rotation in accordance with the Company's Articles of Association.

Save as disclosed above, none of the directors offering themselves for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Details of the Company's directors' remuneration are set out in note 25 to the financial statements.

DIRECTORS' INTERESTS IN SECURITIES

(i) Shares in the Company

As at 31 December 2001, the interests of the directors of the Company in the shares of the Company (the "Shares") and in the share capital of any of its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")) which were required to be notified to the Company and the Exchange pursuant to section 28 of the SDI Ordinance (including interests which they were taken or deemed to have under section 31 of, or Part 1 of the Schedule to, the SDI Ordinance) or which were required, pursuant to section 29 of the SDI Ordinance, to be entered in the register required to be kept therein, or which were required pursuant to Rules 5.40 to 5.52 of the Rules Governing the Listing of Securities on the GEM of the Exchange (the "GEM Listing Rules") relating to securities transactions by the directors to be notified to the Company and the Exchange were as follows:

Name of director	Personal interest	Family interest	Corporate interest	Other interest
Robert John Richard Owen	107,957,606	–	–	–
Ilyas Tariq Khan (Notes 1 & 2)	79,994,076	–	513,498,147	–
Johnny Chan Kok Chung (Note 3)	207,805,852	16,097,387	–	–
Max Carrol Chapman,Jr.	18,448,931	1,635,744	–	–
Francis Yuen Tin Fan (Note 4)	–	–	929,400	–

DIRECTORS' INTERESTS IN SECURITIES (continued)

Note 1: TW Indus Limited held 188,208,147 shares in the Company. Ilyas Tariq Khan beneficially wholly-owned TW Indus Limited.

Note 2: ECK & Partners Limited held 325,290,000 shares in the Company. ECK & Partners Limited was beneficially owned as to 61.43% by Ilyas Tariq Khan, as to 20% by Robert John Richard Owen, and as to 18.57% by Johnny Chan Kok Chung.

Note 3: Yuda Udomritthiruj held 16,097,387 shares in the Company. Yuda Udomritthiruj is the wife of Johnny Chan Kok Chung and, accordingly, for the purposes of the SDI Ordinance, her shares are included in the shareholdings of Johnny Chan Kok Chung.

Note 4: Latlink Investments Limited held 929,400 shares in the Company. Latlink Investments Limited was beneficially owned as to 50% by Francis Yuen Tin Fan and as to the remaining 50% by his wife.

(ii) Share options

Pursuant to the Pre-IPO employee Share Option Plan and the employee Share Option Scheme of the Company, certain directors have interests in options to subscribe for shares in the Company as set out below. The options vest over a period of three years commencing on the first anniversary of the Effective Date.

Name of director	Effective date	Number of share options granted	Number of share options outstanding at 31 December 2001	Exercise price per share
Robert John Richard Owen	3 January 2000	14,252,349	14,252,349	US$0.0251
	23 March 2000	5,111,700	5,111,700	US$0.0610
	17 April 2000	464,700	464,700	HK$1.05
Ilyas Tariq Khan	3 January 2000	4,061,478	4,061,478	US$0.0251
	23 March 2000	15,102,750	15,102,750	US$0.0610
	17 April 2000	2,788,200	2,788,200	HK$1.05
Johnny Chan Kok Chung	3 January 2000 (Note 1)	45,777,597	45,777,597	US$0.0251
	23 March 2000 (Note 2)	20,214,450	20,214,450	US$0.0610
	17 April 2000 (Note 3)	15,335,100	15,335,100	HK$1.05
Max Carrol Chapman,Jr.	23 March 2000	2,323,500	2,323,500	US$0.0610
	23 March 2000	2,323,500	2,323,500	HK$1.05
Francis Yuen Tin Fan	23 March 2000	4,647,000	4,647,000	HK$1.05

DIRECTORS' INTERESTS IN SECURITIES (continued)

Note 1: Including 2,323,500 options at a subscription price of US$0.0251 in which Yuda Udomritthiruj was interested. Yuda Udomritthiruj is the wife of Johnny Chan Kok Chung and, accordingly, for the purposes of the SDI Ordinance, her options are included in the options held by Johnny Chan Kok Chung.

Note 2: Including 1,394,100 options at a subscription price of US$0.0610 in which Yuda Udomritthiruj was interested.

Note 3: Including 929,400 options at a subscription price of HK$1.05 in which Yuda Udomritthiruj was interested.

Details of the share option schemes are set out in note 28 to the financial statements.

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 Company's directors or their associates to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

(iii) Shares in Crosby Limited (formerly known as techpacific.com Capital Limited), a subsidiary of the Company

Name of director	Personal interest	Family interest	Corporate interest	Other interest
Robert John Richard Owen	3,000	–	–	–
Ilyas Tariq Khan (Note 1)	1	–	110,001	–
Johnny Chan Kok Chung	30,000	–	–	–

Note 1: TW Indus Limited held 110,001 shares in Crosby Limited. TW Indus Limited was beneficially wholly-owned by Ilyas Tariq Khan.

Save as disclosed above, none of the directors or their respective associates had any interests (including personal, family, corporate and other interests) in the share capital of the Company or any of its associated corporations as defined in the SDI Ordinance and any right to subscribe for equity or debt securities of the Company granted to any of them, and the exercise of such rights, which are required to be recorded in the register under Section 29 of the SDI Ordinance or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the GEM Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As far as the directors are aware, as at 31 December 2001, the holders of 10% or more of the issued share capital of the Company as recorded in the register required to be kept under Section 16(1) of the SDI Ordinance were as follows:

Name	Number or approximate attributable number of shares	Approximate percentage or approximate attributable percentage holding of shares currently in issue
Ilyas Tariq Khan (Notes 1 & 4)	593,492,223	23.72%
ECK & Partners Limited (Notes 2 & 4)	325,290,000	13.00%
tekbanc.com Limited (Notes 3 & 4)	302,055,000	12.07%

Note 1: The interest of Ilyas Tariq Khan included 188,208,147 shares held by TW Indus Limited, which was beneficially wholly-owned by him and 325,290,000 shares held by ECK & Partners Limited which was beneficially owned as to 61.43% by him.

Note 2: ECK & Partners Limited held a direct interest in 325,290,000 shares. Ilyas Tariq Khan was beneficially interested in 61.43% of the share capital of ECK & Partners Limited and, therefore, Ilyas Tariq Khan was also interested in these 325,290,000 shares which are duplicated within the 593,492,223 shares in which Ilyas Tariq Khan was interested.

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

Note 4: The total number of shares outstanding as at 31 December 2001 was 2,502,577,245.

Save as disclosed above, the directors are not aware of any other persons who were, as at 31 December 2001, interested in 10% or more of the shares of the Company.

CONNECTED TRANSACTIONS

During the year, the Group had no transactions with any of its connected parties.

SPONSOR'S INTEREST

As notified by the Company's sponsor, BNP Paribas Peregrine Capital Limited (the "Sponsor"), as at 31 December 2001, Yi Hua Assets Limited , an associate of the Sponsor (as defined in the GEM Listing Rules) held 16,380,675 shares in the Company.

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

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

OTHER INTERESTS

The directors are not aware of any business or interest, as of 31 December 2001, of the directors, initial management shareholders of the Company or their respective associates which was required to be disclosed pursuant to Rule 11.04 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

Between 22 February and 12 April 2001, the Company purchased 11,270,000 of its own shares on the Exchange at an average price of HK$0.189 per share, totalling US$272,404 (HK$2,124,748) as detailed in note 20 to the financial statements.

Other than as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operating and investing activities with internally generated cashflows and the balance of proceeds from the initial public offering.

As at 31 December 2001, the Group had cash and bank balances of US$19.8 million (2000: US$30.0 million). During the year, the Group utilised US$10.2 million (2000: US$23.3 million) to finance its operating and investing activities.

FOREIGN CURRENCY EXCHANGE EXPOSURE

The Group's exposure to foreign currencies is limited to its investments in foreign subsidiaries, which are financed internally.

EMPLOYEE INFORMATION

As at 31 December 2001, the Group had 189 full-time employees (2000: 49). Employee remuneration totalled US$11.8 million (2000: US$2.7 million). The salary and benefit levels of the Group's employees are kept at a competitive level and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. The significant increase from 2000 to 2001 was mainly due to the acquisition of Spike Limited and its subsidiaries.

The Group also operates employee share option schemes, as detailed in note 28 to the financial statements.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS

In the circular dated 14 January 2002, the Company disclosed that it proposed to sell its interest in Spike Limited to Spike Networks Limited (a company listed on the Australian Stock Exchange, code SPK) in exchange for the issue by Spike Networks Limited of 211.9 million shares, giving the Company 67.9% of Spike Networks Limited. In turn, Spike Networks Limited will control 100% of Spike Limited.

In the circular dated 11 March 2002, the Company disclosed that it planned to invest US$4.25 million, subject to shareholder approval of its proposed business expansion and diversification for working capital purposes.

DETAILS OF CHARGES ON GROUP ASSETS

Loans from minority interests, secured over subsidiary assets, amounted to US$0.4 million (2000: US$ Nil).

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

In the circular dated 11 March 2002, the Company wrote to its shareholders proposing expanding and diversifying the business activities of the Group. These proposals are subject to the shareholders' approval at the extraordinary general meeting to be held on 27 March 2002.

Business progress against the original business objectives during the year end 31 December 2001 was as follows:

Business objectives as stated in the prospectus dated 5 April 2000	**Actual business progress**
Period: 6 months ending 31 December 2001	
1. A more comprehensive roll-out of M^3 in Asia, including Singapore, India, Korea and Taiwan.	1. As a consequence of the severe downturn in investor interest in the technology sector in Asia, the Group halted the roll-out of M^3 in Asia, pending completion of a review of the programme.
2. Full roll-out of regional incubation in the above countries.	2. The Group continued to review the roll-out of the incubation business in light of the conflict between the capital requirements of such a roll-out and the poor market conditions for nascent or early stage technology businesses.
3. Further additions to the Toolbox.	3. The Group continued to assess potential acquisitions. However, as long as the current market conditions persist in relation to the technology sector, the Group has declined to make any further additions.
4. Achieve a public listing for at least three M^3 companies	4. The Group continued to assess potential public listing opportunities for these companies. However, given the current market conditions persisting in relation to the technology sector, the Group has been unable to achieve any such opportunities.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS (continued)

Business objectives as stated in the prospectus dated 5 April 2000	Actual business progress
Period: 6 months ending 31 December 2001 (continued)	
5. Invest in additional technology to further enhance the functionality of the Group's website.	5. The Group continues to assess new technology, as it becomes commercially available, in terms of its capacity to further enhance the functionality of its website.
Period: 6 months ending 30 June 2001	
1. Increase the level of funds under management by launching another technology venture capital fund.	1. The Group is exploring the establishment of another technology fund to be managed by techpacific.com Venture Capital Limited.
2. Develop commercial opportunities arising from the expansion of the M^3 programme in Greater China and achieve at least two listings in Nirvana sourced from Greater China.	2. Through the Group's representatives in Beijing, a number of leads were identified in quarter 2 to originate investment opportunities for the Funds managed by the Group and in uncovering mandates for corporate finance. Within the first six months of the year, there were at least two listings in Nirvana sourced form the Greater China area.
3. Further expand the Mentor base regionally, with a special focus on Korea, Singapore and Australia.	3. The joint venture in Korea, the newly opened office in Singapore and the purchase of majority control of Spike in Australia provide the Group with physical presence in these 3 important markets. We are using these offices as platforms for expanding the Mentor base across the region.
4. Increase incubation activities regionally by establishing a physical incubation centre in Singapore.	4. The Group is re-thinking the expansion of the incubation business outside of Hong Kong owing to the large initial and on-going working capital needed to sustain such an operation and the currently poor market conditions for technology businesses. The Group, however, continues to explore incubation opportunities through co-operation with other parties who have established operations in Asian markets outside Hong Kong. We will review our incubation activities as soon as there is an improvement in market conditions.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS (continued)

Business objectives as stated in the prospectus dated 5 April 2000	Actual business progress
Period: 6 months ending 30 June 2001 (continued)	
5. Establish further joint ventures in regional markets, including India, Thailand, Taiwan and possibly in the Middle East.	5. The Group continues to explore several joint ventures in these countries with a number of possible partners, However, as long as the current negative market conditions persist in relation to the technology sector, the Group has decided not to act on any joint venture proposal.
6. Develop strategic relationships with incubators in the USA.	6. The Group has deferred plans to form strategic relationships with incubators in the USA until market conditions in the technology sector improve.
7. Continue strategic expansion into North America and Europe by hiring specialist staff to assist Asian companies to enter these markets.	7. Our offices in San Francisco and in London continue to feed information to the rest of the Group on new markets, technologies and opportunities in Europe and the USA. In addition, senior staff of the Group maintain relationships with technology companies in the USA to keep abreast of developments and opportunities.

BOARD PRACTICES AND PROCEDURES

The Company has complied with the Board Practices and Procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules throughout the year.

AUDIT COMMITTEE

As required by Rule 5.23 of the GEM Listing Rules, the Company established an audit committee on 31 March 2000 with written terms of reference in compliance with Rules 5.20 and 5.25 of the GEM Listing Rules which deal clearly with its authority and duties. As at 31 December 2001, the audit committee members comprised Alec Tsui Yiu Wa, Max Carrol Chapman,Jr. and Robert John Richard Owen. The committee's principal duties are to review and supervise the Company's financial reporting process and internal control systems. Four meetings were held by the committee during the year.

FULL NAME AND QUALIFICATIONS OF COMPANY SECRETARY, QUALIFIED ACCOUNTANT AND THE COMPLIANCE OFFICER

The Company Secretary of the Company is David Cosgrave. He holds a Bachelor of Commerce degree from the University of New South Wales in Australia, a Bachelor of Laws degree from the University of Sydney in Australia, a Master of Laws from the University of Technology, Sydney in Australia and a Master of Business Administration from the Australian Graduate School of Management in Australia. He is admitted as a solicitor of the Supreme Court of New South Wales (Australia).

FULL NAME AND QUALIFICATIONS OF COMPANY SECRETARY, QUALIFIED ACCOUNTANT AND THE COMPLIANCE OFFICER (continued)

The Qualified Accountant is Winnie Sin Wing Hung. She is a Fellow of the Association of Chartered Certified Accountants and is also an Associate of the Hong Kong Society of Accountants.

The Compliance Officer of the Company is Robert John Richard Owen. He holds a Bachelor of Arts degree from Oxford University in the United Kingdom.

PENSION SCHEME

Commencing from 1 December 2000, all Hong Kong employees have to participate in the Mandatory Provident Fund ("MPF") Scheme. Under such scheme, both the employee and employer have to contribute at least 5% of the employee's monthly salary to the MPF scheme (limited to HK$1,000 per contribution if no special agreement is made between the employees and employer).

All employees have participated in the Hong Kong and Shanghai Banking Corporation ("HSBC") MPF Scheme except for those who are exempted from this requirement. Under the HSBC MPF Scheme, both the Group and employees contribute 5% of salary (limited to HK$1,000) to the scheme each month. There is no voluntary contribution from the Group nor the employees.

The Group's contribution to the MPF Scheme amounted to approximately US$54,000 for the year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

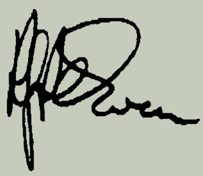
POST BALANCE SHEET EVENTS

Details of significant post balance sheet events which have taken place subsequent to the balance sheet date are set out in note 32 to the financial statements.

AUDITORS

The financial statements have been audited by Messrs. Grant Thornton who will retire from office and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

For and on behalf of the Board



Robert John Richard Owen
Chairman

18 March 2002

Grant Thornton
均富會計師行

Certified Public Accountants
Hong Kong Member of
Grant Thornton International

TO THE MEMBERS OF
TECHPACIFIC.COM LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 38 to 74 which have been prepared in accordance with International Accounting Standards as promulgated by the International Accounting Standards Committee.

Respective responsibilities of directors and auditors

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements 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 statements 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, 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 financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2001 and of the Group's loss and cash flows for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Grant Thornton
Certified Public Accountants
Hong Kong

18 March 2002

Consolidated Income Statement

For the year ended 31 December 2001

	Notes	2001	2000
		US$	US$
Turnover	3	**8,528,336**	5,334,642
Other revenue	4	**1,468,874**	2,176,154
		9,997,210	7,510,796
Administrative expenses		**(20,719,555)**	(4,794,186)
Distribution expenses		**(371,960)**	(710,900)
Other operating expenses		**(4,744,407)**	(625,725)
(Loss)/Profit from operations before finance cost	5	**(15,838,712)**	1,379,985
Finance cost	6	**(111,674)**	–
(Loss)/Profit from operations	3	**(15,950,386)**	1,379,985
Amortisation of goodwill		**(1,706,098)**	–
Provision for impairment of goodwill		**(3,936,226)**	–
Provision for impairment of investments		**(19,587,214)**	(225,000)
Provision for impairment of property, plant and equipment		**(342,285)**	–
Write off of property, plant and equipment		**(639,987)**	–
Share of losses of associates		**(389,478)**	(278,325)
(Loss)/Profit before taxation		**(42,551,674)**	876,660
Taxation	7	**–**	(28,000)
(Loss)/Profit after taxation		**(42,551,674)**	848,660
Minority interests		**3,926,330**	38,966
(Loss)/Profit attributable to shareholders	21	**(38,625,344)**	887,626
Basic (loss)/earnings per share	8	**(1.55) cents**	0.04 cent
Diluted (loss)/earnings per share	8	**N/A**	0.04 cent

Consolidated Statement of Recognised Gains and Losses

For the year ended 31 December 2001

	2001	2000
	US$	US$
Exchange differences on consolidation	**(291,215)**	(178,605)
Fair value adjustments of available-for-sale investments	**72,654**	(185,854)
Net gains/(losses) recognised through equity directly	**(218,561)**	(364,459)
(Loss)/Profit attributable to shareholders	**(38,625,344)**	887,626
Total recognised (losses)/gains	**(38,843,905)**	523,167

Consolidated Balance Sheet

As at 31 December 2001

	Notes	2001 US$	2000 US$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	**2,471,512**	1,875,501
Interests in associates	11	**551,343**	10,873,760
Available-for-sale investments	12	**2,313,997**	10,334,183
Intangible assets	13	**473,550**	–
Other assets		**18,232**	–
		5,828,634	23,083,444
Current assets			
Loan to and current accounts with investee companies	14, 15	**626,800**	6,206,411
Work-in-progress		**284,004**	–
Debtors, deposits and prepayments	15	**1,912,094**	1,577,258
Other receivables	16, 26	**793,468**	1,089,238
Trading investments	17	**246,313**	–
Cash and bank balances		**19,795,381**	29,964,587
		23,658,060	38,837,494
Current liabilities			
Creditors and accrued charges	18	**2,784,374**	680,969
Deferred income		**219,256**	201,613
Provision for taxation		**35,344**	37,000
Amount due to an investee company		**–**	100,000
Current portion of obligations under finance leases	19	**40,952**	–
		3,079,926	1,019,582
Net current assets		**20,578,134**	37,817,912
Total assets less current liabilities		**26,406,768**	60,901,356
Non-current liabilities			
Provision for deferred taxation		**26,000**	26,000
Obligations under finance leases	19	**33,172**	–
		59,172	26,000
Minority interests		**626,809**	817,681
Net assets		**25,720,787**	60,057,675
CAPITAL AND RESERVES			
Share capital	20	**2,502,577**	2,399,677
Reserves	21	**23,218,210**	57,657,998
Shareholders' funds		**25,720,787**	60,057,675

Robert John Richard Owen
Director

Ilyas Tariq Khan
Director

As at 31 December 2001

	Notes	2001 US$	2000 US$
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	9	**24,776,374**	24,550,659
Current assets			
Amount due from a related company	14	**33,159**	5,648,583
Debtors, deposits and prepayments		**368,180**	241,633
Bank balances		**12,925,419**	25,734,501
		13,326,758	31,624,717
Current liabilities			
Creditors and accrued charges		**150,289**	155,857
Net current assets		**13,176,469**	31,468,860
Net assets		**37,952,843**	56,019,519
CAPITAL AND RESERVES			
Share capital	20	**2,502,577**	2,399,677
Reserves	21	**35,450,266**	53,619,842
Shareholders' funds		**37,952,843**	56,019,519

Robert John Richard Owen
Director

Ilyas Tariq Khan
Director

Consolidated Cash Flow Statement

For the year ended 31 December 2001

	Notes	2001	2000
		US$	US$
Net cash outflow from operating activities	22	**(13,470,724)**	(1,983,507)
Investing activities			
Interest received		**1,172,330**	1,912,969
Interest paid		**(111,674)**	–
Purchases of property, plant and equipment		**(701,501)**	(1,822,272)
Proceeds from sale of property, plant and equipment		**107,784**	2,014
Acquisition of investments		**(914,126)**	(9,931,722)
Proceeds from sale of investments		**170,569**	–
Acquisition of associates		**(75,266)**	(11,150,510)
Proceeds from sale of an associate		**10,018**	–
Acquisition of subsidiaries, net of cash acquired	23	**286,026**	–
Payment of expenses for acquisition of a subsidiary		**(1,101,784)**	–
Net repayment from investee companies		**4,683,310**	–
Net advance to other debtors		**(114,591)**	(421,177)
Net advance to associates		**(222,098)**	(1,575)
Net cash inflow/(outflow) from investing activities		**3,188,997**	(21,412,273)
Financing activities			
Net repayment to other creditors		**(14,803)**	–
Net repayment to an investee company		**(100,000)**	(5,314,176)
Repayment of finance leases obligations		**(7,482)**	–
Repurchase of own shares		**(272,454)**	–
Payment of share issuing expenses for acquisition of a subsidiary		**(28,002)**	–
Capital injection from minority shareholders		**464,599**	776,897
Net proceeds from the issue of shares		**–**	52,836,546
Net cash inflow from financing activities		**41,858**	48,299,267
Net (decrease)/increase in cash and cash equivalents		**(10,239,869)**	24,903,487
Cash and cash equivalents as at 1 January		**29,964,587**	5,239,705
Effect of exchange rate fluctuations		**70,663**	(178,605)
Cash and cash equivalents as at 31 December		**19,795,381**	29,964,587

For the year ended 31 December 2001

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 21 February 2000 under the Companies Law (Revised) of the Cayman Islands.

The shares of the Company were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited with effect from 17 April 2000.

The Company acts as the holding company of the Group. Details of the principal activities of the Company's subsidiaries are set out in note 9.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted by the Group are as follows:

(a) Basis of preparation

The financial statements have been prepared in accordance with International Accounting Standards ("IAS") issued by the International Accounting Standards Committee ("IASC"), and Interpretations issued by the Standing Interpretations Committee of the IASC. The financial statements are prepared on the historical cost basis except for certain financial instruments.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

The financial statements also include the Group's share of post-acquisition results and reserves of its associates.

Material intra-group balances and transactions, and any unrealised gains/losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(c) Subsidiary

A subsidiary is a company over which the Company has the power, directly or indirectly, to control its financial and operating decisions so as to derive economic benefits. The results of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(d) Associate

An associate is a company in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of the associates on an equity accounting basis, from the date that significant influence effectively commences until the date that significant influence effectively ceases. For associates that are acquired and held exclusively with a view to dispose of in the near future, the Group's interests are stated at cost, as reduced by any impairment losses recognised.

Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(e) Investments

Investments consist primarily of debt and equity interests in early-stage technology sector companies. They are stated at fair value based on quoted market prices, when available. For unquoted investments, management considers all available factors in determining fair value, which may include cost, the type of investment, subsequent purchases of the same or similar investments, and the current financial position and operating results of the company invested in. Any investment that does not have a quoted market price in an active market and where fair value cannot be reliably measured is stated at cost.

Investment securities intended to be held on a continuing basis for an identified long term purpose are classified as available-for-sale investments. Changes in fair value in these securities are recognised in a revaluation reserve when these changes arise. In the case of impairment the deficit is recognised in the income statement. When these securities are disposed of, the related revaluation surplus or deficit is recognised as income or expense.

Investment securities acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments. Changes in fair value in these securities are recognised in the income statement as they arise.

(f) Impairment

The carrying amounts of the Group's assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the income statement.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(f) Impairment (continued)

Calculation of recoverable amount

The recoverable amount of the Group's receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market situations.

(g) Intangible assets

Goodwill

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair value of the identifiable assets and liabilities acquired. Goodwill is amortised using the straight line method over a period of 3 years. Goodwill is stated at cost less any accumulated amortisation and impairment.

Negative goodwill arising on acquisition represents the excess of the fair value of the identifiable assets and liabilities acquired over the cost of acquisition.

To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the income statement when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair value of the non-monetary assets acquired, is recognised as income on a systematic basis over the remaining weighted average useful life of those acquired depreciable/amortisable assets. Negative goodwill in excess of the fair value of the non-monetary assets acquired is recognised immediately in the income statement.

Intellectual properties

Intellectual properties represent computer software development costs that are directly associated with identifiable and unique software products controlled by the Group and have probable economic benefits exceeding the cost beyond one year. Intellectual properties recognised as assets are amortised using the straight line method over their useful lives, ranging from 1 to 3 years.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(h) Property, plant and equipment

Measurement bases

Items of property, plant and equipment are stated at cost less depreciation and impairment loss. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, is capitalised with the carrying amount of the component being written off. Other subsequent expenditure relating to these assets is added to the carrying amount of the assets if it can be demonstrated that such expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets.

Depreciation

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight line method, at the following rates per annum:

Computer hardware and software	25%-50%
Furniture and fixtures	20-25%
Leasehold improvements	20% or over the terms of the leases
Motor vehicles	25%
Office equipment	20%-$33^1/_3$%

Assets held under finance leases are depreciated over their estimated useful lives or where shorter the term of the lease using the same method as owned assets in the same category.

(i) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Annual rentals applicable to such operating leases are charged to the income statement on a straight line basis over the lease terms.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(j) Finance leases

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership of the asset to the Group. Assets acquired by way of finance lease are stated at an amount equal to the lower of the fair value and the present value of the minimum lease payments at inception of the lease. The corresponding liabilities net of finance charges, are recorded as obligations under finance leases. Finance charges implicit in the lease payments are charged to the income statement over the period of the leases so as to produce a constant periodic rate of interest on the remaining balance of the obligations for each accounting period.

(k) Financial instruments

Financial instruments of the Group include other investments, loans and receivables, cash and bank balances, creditors and other payables. The accounting policies for various types of investments of the Group are set out in the individual accounting policies associated with these investments. Other financial instruments are stated at cost.

(l) Foreign currencies

The financial statements are prepared in United States dollars. Transactions in other currencies are translated into United States dollars at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in other currencies at the balance sheet date are translated into United States dollars at the rates of exchange ruling at that date. Gains and losses arising on exchange are dealt with in the income statement. Non-monetary assets and liabilities denominated in other currencies, which are stated at historical cost, are translated into United States dollars at the rates of exchange ruling at the dates of the transactions.

The assets and liabilities of subsidiaries and associates which are not denominated in United States dollars are translated into United States dollars at foreign exchange rates ruling at the balance sheet date. Their revenues and expenses are translated into United States dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in equity.

(m) Taxation

Income tax on the profit and loss for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(m) Taxation (continued)

Deferred tax is provided using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

– Fees for corporate finance and other advisory services are recognised when the services have been rendered.

– Fees from the placement of shares or loan arrangements for a client are recognised when the shares have been allotted or the loan has been arranged and proceeds received by the client.

– Interest income is recognised as it accrues, taking into account the effective yield on the asset.

– Services income from incubation operations is recognised as it accrues.

– Fund management fees are recognised in accordance with the substance of the relevant agreements.

– e-Services income is recognised when the services have been rendered.

– Equipment rental income is recognised on a straight line basis over the term of the lease.

– Consultancy fee income is recognised in accordance with the substance of the relevant agreements.

(o) Work-in-progress

Work-in-progress is stated at cost incurred less any foreseeable losses and progress billings. Cost comprises where applicable, direct labour and those overheads that have been incurred in the projects.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(p) Equity-related compensation

The Group's share option schemes allow directors and employees to acquire shares of the Company. When the option is exercised, equity is increased by the amount of the proceeds received and consequently no compensation cost is recognised.

(q) Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(r) Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in a particular business (business segment), or conducting business in a particular geographical area (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(s) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and amounts repayable on demand with banks and short-term highly liquid investments which are readily convertible into known amounts of cash without notice and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance.

For the year ended 31 December 2001

3. SEGMENTAL INFORMATION

Segmental information of the Group by business segment (primary segment) and geographical segment (secondary segment) are as follows:

	Investment banking Note (a)		Digital services Note (b)		Incubation service		Total	
	2001	2000	**2001**	2000	**2001**	2000	**2001**	2000
	US$	US$	**US$**	US$	**US$**	US$	**US$**	US$
Turnover	**2,036,593**	4,746,738	**6,081,645**	328,826	**410,098**	259,078	**8,528,336**	5,334,642
Segment results	**(889,514)**	1,860,745	**(9,626,735)**	(73,669)	**(692,158)**	(271,617)	**(11,208,407)**	1,515,459
Unallocated loss from operations							**(4,741,979)**	(135,474)
(Loss)/Profit from operations							**(15,950,386)**	1,379,985
Segment assets	**3,960,392**	10,120,471	**4,137,180**	899,488	**1,183,417**	1,185,581	**9,280,989**	12,205,540
Unallocated assets							**97,640,933**	84,491,121
Elimination							**(77,435,228)**	(34,775,723)
Total assets							**29,486,694**	61,920,938
Segment liabilities	**5,841,128**	1,983,732	**11,473,049**	973,040	**2,497,294**	1,457,069	**19,811,471**	4,413,841
Unallocated liabilities							**44,544,837**	26,897,778
Elimination							**(61,217,210)**	(30,266,037)
Total liabilities							**3,139,098**	1,045,582

Notes:

(a) Turnover from investment banking comprises fees for corporate finance and other advisory services, fees from the placement of shares or loan arrangements, fund management fees and consultancy fee income.

(b) Turnover from digital services comprises e-Services income and equipment rental income.

For the year ended 31 December 2001

3. SEGMENTAL INFORMATION (continued)

	Asia		Australia		Europe/Middle East		Others		Elimination		Total	
	2001	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000
	US$	US$	**US$**	US$	**US$**	US$	**US$**	US$	**US$**	US$	**US$**	US$
Revenue from principal place of operation	**5,583,305**	3,236,908	**2,945,031**	–	**–**	1,969,735	**–**	128,000	**–**	–	**8,528,336**	5,334,643
Segment assets	**103,553,686**	90,505,113	**3,368,236**	–	**–**	6,070,500	**–**	121,048	**(77,435,228)**	(34,775,723)	**29,486,694**	61,920,938

4. OTHER REVENUE

	2001	2000
	US$	US$
Bank interest income	**919,357**	1,821,063
Other interest income	**222,816**	140,303
Profit on disposal of a subsidiary	**163,810**	–
Profit on disposal of investments	**30,399**	99,726
Sale of intellectual property	**–**	100,000
Others	**132,492**	15,062
	1,468,874	2,176,154

For the year ended 31 December 2001

5. (LOSS)/PROFIT FROM OPERATIONS BEFORE FINANCE COST

	2001	2000
	US$	US$
(Loss)/Profit from operations before finance cost is arrived at after charging:		
Amortisation of intellectual properties	**21,917**	–
Auditors' remuneration	**247,590**	58,900
Fair value adjustment in trading investment	**83,503**	–
Depreciation:		
– owned assets	**2,103,299**	317,920
– assets under finance leases	**10,646**	–
Loss on disposal of associates and investments	**34,803**	–
Loss on disposal of property, plant and equipment	**269,818**	–
Provision for doubtful debts	**1,745,017**	–
Operating leases in respect of rented premises	**1,578,608**	316,970
Staff costs (excluding directors' fees)	**13,399,374**	2,779,176

6. FINANCE COST

	2001	2000
	US$	US$
Interest expenses on advances wholly repayable within five years	**111,674**	–

7. TAXATION

	2001	2000
	US$	US$
Hong Kong profits tax		
Current tax	**–**	28,000

No income tax has been provided in the financial statements as the Group did not derive any assessable profit for the year.

For the year ended 31 December 2001

8. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to shareholders of US$38,625,344 (2000: profit of US$887,626) and the weighted average number of ordinary shares of 2,493,487,108 (2000: 2,130,780,480) in issue during the year.

(b) Diluted (loss)/earnings per share

No diluted loss per share for the year ended 31 December 2001 is shown as the outstanding share options were anti-dilutive. The calculation of diluted earnings per share last year was based on the earnings attributable to shareholders of US$887,626 and a weighted average number of ordinary shares during last year of 2,216,313,162.

9. INTERESTS IN SUBSIDIARIES

	2001	2000
	US$	US$
Investments at cost Unlisted shares, outside Hong Kong	**1**	1
Amounts due from subsidiaries	**49,257,459**	24,614,122
Less: Provision	**(22,656,681)**	–
	26,600,779	24,614,123
Amounts due to subsidiaries	**(1,824,405)**	(63,464)
	24,776,374	24,550,659

Amounts due from/(to) subsidiaries are interest free, unsecured and have no fixed repayment terms.

9. INTERESTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries at 31 December 2001 are as follows:

Name	Place of incorporation	Nominal value of issued capital	Percentage of issued capital held indirectly/directly*	Principal activities
Crosby Limited (Formerly known as techpacific.com Capital Limited)	Hong Kong	US$2,992,885.47	99.9%	Provision of financial and corporate advisory services
techpacific.com (BVI) Limited	British Virgin Islands	US$0.01	100%*	Investment holding
techpacific.com (BVI) Investments Limited	British Virgin Islands	US$1	100%	Investment holding
techpacific.com Investments Limited	Cayman Islands	US$2	100%	Investment holding
techpacific Venture Capital Limited	British Virgin Islands	US$1	100%	Investment holding
techpacific Corporate Finance Limited	Hong Kong	HK$1	99.9%	Provision of financial and advisory services
techpacific.com Venture Capital Limited	British Virgin Islands	US$1,000	75.1%	Fund management
Nirvana Pacific Capital Limited	Cayman Islands	US$3,000	100%	Investment holding
Softech Investment Management Company Limited	Hong Kong	HK$5,020	50%	Fund management
tp Factory Limited	Hong Kong	HK$1,000	100%	Dormant
tp Labs Limited	Hong Kong	HK$1,000	100%	Incubation services
Techpacific (Korea) Limited	Korea	KW2,000,000,000	60%	Provision of financial and advisory services
techpacific-CAMERLIN.com Sdn Bhd	Malaysia	RM100,000	100%	Dormant

9. INTERESTS IN SUBSIDIARIES (continued)

Name	Place of incorporation	Nominal value of issued capital	Percentage of issued capital held indirectly/directly*	Principal activities
techpacific.com Digital Limited	Cayman Islands	US$1	100%	Investment holding
techpacific Corporate Finance International Limited	British Virgin Islands	US$100	100%	Provision of financial and advisory services
techpacific.com Pte Limited	Singapore	S$2	100%	Provision of corporate services
Spike Limited (Formerly known as Spike CyberWorks Limited)	Cayman Islands	US$149	54.82%	Investment holding
Spike (Australia) Pty Limited (Formerly known as Spike CyberWorks (Australia) Pty Limited)	Australia	AUS$2	54.82%	Provision of integrated marketing and digital services
Spike (Hong Kong) Limited (Formerly known as Spike CyberWorks (Hong Kong) Limited)	Hong Kong	HK$10,000	54.82%	Provision of integrated marketing and digital services
Spike (Japan) Limited (Formerly known as Spike CyberWorks (Japan) Limited)	Cayman Islands	US$2	54.82%	Provision of integrated marketing and digital services
Spike (Singapore) Pte Limited	Singapore	S$50,000	54.82%	Provision of integrated marketing and digital services
Crosby Asia Holdings Limited	British Virgin Islands	US$200	100%	Investment holding
Crosby Asset Management (Hong Kong) Limited	Hong Kong	HK$1,002	100%	Provision of investment advisory and fund administration services
Crosby Advisory (Singapore) Pte Limited	Singapore	S$12,560,000	95%	Provision of financial and corporate advisory services

10. PROPERTY, PLANT AND EQUIPMENT

Group	Computer hardware and software	Furniture and fixtures	Leasehold improve-ments	Motor vehicles	Office equipment	Total
	US$	US$	US$	US$	US$	US$
Cost						
At 1 January 2001	1,062,173	270,481	665,561	62,924	161,844	2,222,983
Acquisition of subsidiaries	3,318,296	457,686	1,686,743	–	129,818	5,592,543
Additions	289,954	42,249	324,836	70,550	44,463	772,052
Disposals	(874,064)	(142,523)	(1,125,542)	–	(14,943)	(2,157,072)
Disposal of a subsidiary	(30,776)	–	–	–	–	(30,776)
Exchange adjustments	(268,009)	(31,378)	(120,002)	(1,628)	(11,077)	(432,094)
At 31 December 2001	3,497,574	596,515	1,431,596	131,846	310,105	5,967,636
Accumulated depreciation and impairment						
At 1 January 2001	171,426	30,848	97,534	16,986	30,688	347,482
Acquisition of subsidiaries	1,679,265	80,847	261,278	–	16,458	2,037,848
Charge for the year	1,489,044	128,430	384,396	26,376	85,699	2,113,945
Disposals	(725,661)	(39,896)	(365,090)	–	(8,835)	(1,139,482)
Disposal of a subsidiary	(3,373)	–	–	–	–	(3,373)
Provision for impairment loss	342,285	–	–	–	–	342,285
Exchange adjustments	(168,605)	(6,398)	(23,071)	(1,110)	(3,397)	(202,581)
At 31 December 2001	2,784,381	193,831	355,047	42,252	120,613	3,496,124
Net book value						
At 31 December 2001	713,193	402,684	1,076,549	89,594	189,492	2,471,512
At 31 December 2000	890,747	239,633	568,027	45,938	131,156	1,875,501

Included in the above are motor vehicles with a total net book value of US$59,387 (2000: US$Nil) held under finance leases.

11. INTERESTS IN ASSOCIATES

	Notes	Group 2001 US$	Group 2000 US$
Share of net (liabilities)/assets other than goodwill		**(174,919)**	603,740
Premium on acquisition		**569,123**	1,230,418
		394,204	1,834,158
Less: Provision for impairment		**(311,400)**	–
	(a)	**82,804**	1,834,158
Investments at cost less provision for impairment	(b)	**392,138**	9,038,027
		474,942	10,872,185
Amounts due from associates (Note 15)		**76,401**	1,575
		551,343	10,873,760

(a) Particulars of those associates that are accounted for under the equity method, at 31 December 2001 are as follows:

Name	Place of incorporation	Percentage of issued capital held indirectly	Principal activities
Techpursuit.com Holdings Limited	Cayman Islands	40%	Technology recruitment
Upstream Asia Limited	British Virgin Islands	32.48%	Technology marketing and promotion

11. INTERESTS IN ASSOCIATES (continued)

(b) Investments in those associates that are acquired and held exclusively with a view to their disposal in the near future are accounted for at cost, as reduced by any impairment losses recognised. The particulars of such associates at 31 December 2001 are as follows:

Name	Place of incorporation	Percentage of issued capital held indirectly	Principal activities
Asset Publishing and Research Asia Limited	British Virgin Islands	34.6%	Research and magazine publishing
Gogo.com Limited	British Virgin Islands	30%	Music company
K&K Pacific (HK) Limited	Hong Kong	26.7%	Retailer of baby products
LegalStudio.com Limited	Hong Kong	25%	Web based legal solutions
Linux Center (HK) Limited	Hong Kong	24.75%	Linux and other software consultancy
OpenIBN Technology Holdings Limited	British Virgin Islands	30%	Provision of corporate fund raising services

12. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2001	2000
	US$	US$
Unlisted investments		
Convertible bonds and loans	**657,573**	760,000
Convertible preference shares	**2,229,608**	1,411,423
Ordinary shares, at cost	**8,930,342**	7,589,842
	11,817,523	9,761,265
Less: Provision for impairment	**(9,796,740)**	(225,000)
	2,020,783	9,536,265
Listed investments		
Ordinary shares, at fair value	**293,214**	797,918
	2,313,997	10,334,183

13. INTANGIBLE ASSETS

Group

	Goodwill US$	Intellectual properties US$	Total US$
Cost			
Acquisition of subsidiaries	–	205,860	205,860
Goodwill arising on acquisition of subsidiaries	6,056,064	–	6,056,064
Exchange adjustments	–	(22,818)	(22,818)
At 31 December 2001	6,056,064	183,042	6,239,106
Amortisation and impairment			
Acquisition of subsidiaries	–	96,557	96,557
Amortisation for the year	1,706,098	21,917	1,728,015
Provision for impairment	3,936,226	–	3,936,226
Exchange adjustments	–	4,758	4,758
At 31 December 2001	5,642,324	123,232	5,765,556
Net book value			
At 31 December 2001	413,740	59,810	473,550
At 31 December 2000	–	–	–

14. LOAN TO AND CURRENT ACCOUNTS WITH INVESTEE COMPANIES/AMOUNT DUE FROM A RELATED COMPANY

Included in the balances in the consolidated balance sheet and the Company balance sheet are US$588,513 (2000: US$5,923,618) and US$33,159 (2000: US$5,648,583) respectively due from Nirvana Capital Limited which is a fund managed by the Group and in which the Group has invested US$1 million. The unsecured amount due from Nirvana Capital Limited has no fixed terms of repayment and is interest free as at the balance sheet date.

The remaining balances represent advances to other investee companies which are interest free, unsecured and have no fixed terms of repayment.

15. DEBTORS, DEPOSITS AND PREPAYMENTS

The group allows a credit period ranging from 15 to 45 days to its customers.

At the balance sheet date, included in debtors, deposits and prepayments are trade debtors of US$906,090 (2000: US$482,207), US$138,039 (2000: US$287,599) and US$35,628 (2000: US$198,990) of which are net amounts due from investee companies and associates respectively.

	Group	
	2001	2000
	US$	US$
0-30 Days	**575,975**	443,278
31-60 Days	**363,904**	16,204
61-90 Days	**42,498**	5,551
Over 90 Days	**97,380**	503,763
	1,079,757	968,796

16. OTHER RECEIVABLES

Included in this balance are staff loans and advances of US$385,572 (2000: US$1,023,616) for the purposes of assisting the employees to buy the Company's shares and for other purposes. Such loans and advances are granted at the discretion of the management and are unsecured, interest-free and repayable on demand.

17. TRADING INVESTMENTS

	Group	
	2001	2000
	US$	US$
Listed investments, overseas		
Ordinary shares, at fair value	**246,313**	–

For the year ended 31 December 2001

18. CREDITORS AND ACCRUED CHARGES

At the balance sheet date, included in creditors and accrued charges are trade creditors of US$775,182 (2000: US$Nil). The aged analysis of the trade creditors is as follows:

	Group	
	2001	2000
	US$	US$
0-30 Days	**304,628**	–
31-60 Days	**369,848**	–
61-90 Days	**34,833**	–
Over 90 Days	**65,873**	–
	775,182	–

19. OBLIGATIONS UNDER FINANCE LEASES

(a) Finance lease liabilities – minimum lease payments:

	Group	
	2001	2000
	US$	US$
Due within one year	**45,102**	–
Due in the second to fifth years	**35,012**	–
	80,114	–
Future finance charges on finance leases	**(5,990)**	–
Present value of finance lease liabilities	**74,124**	–

(b) The present value of finance lease liabilities is as follows:

	Group	
	2001	2000
	US$	US$
Due within one year	**40,952**	–
Due in the second to fifth years	**33,172**	–
	74,124	–

20. SHARE CAPITAL

	Number of ordinary shares	Number of convertible redeemable preference shares	Value
			US$
Authorised	20,000,000,000	1,000,000	20,001,000
Issued and fully paid			
On incorporation	1	–	0.01
Increase on 22 March 2000 prior to share split	288,546	–	2,885.46
Share split pursuant to Reorganisation	2,596,923	–	–
	2,885,470	–	2,885.47
Various share issues between 22 March 2000 after the share split and 28 March 2000	424,390	375,150	799.54
Share issue pursuant to the exercise of the employee share options	833,340	–	833.34
Bonus issue	2,095,158,895	–	2,095,158.90
Conversion	375,150	(375,150)	–
Issue of new shares	300,000,000	–	300,000.00
At 31 December 2000	2,399,677,245	–	2,399,677.25
Repurchase of shares	(11,270,000)	–	(11,270)
Issue of new shares	114,170,000	–	114,170
At 31 December 2001	2,502,577,245	–	2,502,577.25

(a) There were no changes in the authorised share capital during the two years ended 31 December 2001.

(b) On 30 January 2001, 114,170,000 ordinary shares were allotted and credited as fully paid, at a subscription price of US$0.051 per share as part of the consideration for the acquisition of a subsidiary, Spike Limited.

20. SHARE CAPITAL (continued)

(c) During the year, the Company purchased 11,270,000 of its own shares on the Exchange, as follows:

Month	Shares	Total cost		Average price per share
February	660,000	US$20,900	(HK$163,020)	HK$0.247
March	1,226,000	US$36,001	(HK$280,804)	HK$0.229
April	9,384,000	US$215,503	(HK$1,680,924)	HK$0.179

21. RESERVES

Group

	Share premium	Capital reserve	Capital redemption reserve	Investment revaluation reserve	Foreign exchange reserve	Retained profits/ (Accumulated losses)	Total
	US$	US$	US$	US$	US$	US$	US$
At 1 January 2000	587,481	4,589,275	–	–	–	101,311	5,278,067
Issue of shares	58,520,759	–	–	–	–	–	58,520,759
Share issue expenses	(4,568,836)	–	–	–	–	–	(4,568,836)
Capitalisation issue of shares	(2,095,159)	–	–	–	–	–	(2,095,159)
Deficit on revaluation	–	–	–	(185,854)	–	–	(185,854)
Exchange difference on consolidation	–	–	–	–	(178,605)	–	(178,605)
Profit attributable to shareholders	–	–	–	–	–	887,626	887,626
At 31 December 2000	52,444,245	4,589,275	–	(185,854)	(178,605)	988,937	57,657,998
Increase arising from the issue of new shares for the acquisition of a subsidiary, net (Note)	–	4,638,918	–	–	–	–	4,638,918
(Decrease)/Increase arising from repurchase of own shares	(234,801)	–	11,270	–	–	(11,270)	(234,801)
Surplus on revaluation	–	–	–	72,654	–	–	72,654
Exchange difference on consolidation	–	–	–	–	(291,215)	–	(291,215)
Loss attributable to shareholders	–	–	–	–	–	(38,625,344)	(38,625,344)
At 31 December 2001	52,209,444	9,228,193	11,270	(113,200)	(469,820)	(37,647,677)	23,218,210

Note: The amount represents net surplus arising from new issue of shares in the acquisition of Spike Limited.

21. RESERVES (continued)

Company

	Share premium	Capital redemption reserve	Capital reserve	Retained profits/ (Accumulated losses)	Total
	US$	US$	US$	US$	US$
Issue of shares	59,108,240	–	–	–	59,108,240
Share issue expenses	(4,568,836)	–	–	–	(4,568,836)
Capitalisation issue of shares	(2,095,159)	–	–	–	(2,095,159)
Profit for the year	–	–	–	1,175,597	1,175,597
At 31 December 2000	52,444,245	–	–	1,175,597	53,619,842
Increase arising from the issue of new shares for the acquisition of a subsidiary, net	–	–	4,639,099	–	4,639,099
Increase/ (Decrease) arising from repurchase of own shares	(234,801)	11,270	–	(11,270)	(234,801)
Loss for the year	–	–	–	(22,573,874)	(22,573,874)
At 31 December 2001	52,209,444	11,270	4,639,099	(21,409,547)	35,450,266

In the opinion of the Company's directors, the Company's reserves available for distribution to shareholders were as follows:

	2001	2000
	US$	US$
(Accumulated losses)/Retained profits	**(21,409,547)**	1,175,597
Share premium	**52,209,444**	52,444,245
	30,799,897	53,619,842

22. Notes to the consolidated cash flow statement

(a) Reconciliation of (loss)/profit before taxation to net cash outflow from operating activities:–

	2001	2000
	US$	US$
Cash flows from operating activities		
(Loss)/Profit before taxation and minority interests	**(42,551,674)**	876,660
Share of losses of associates	**389,478**	278,325
Interest income	**(1,142,173)**	(1,961,366)
Interest expenses	**111,674**	–
Net exchange loss	**228,353**	–
Depreciation of property, plant and equipment	**2,113,945**	317,920
Amortisation of intellectual properties	**21,917**	–
Loss on disposal of property, plant and equipment	**269,818**	–
Write off of property, plant and equipment	**639,987**	–
Provision for impairment of property, plant and equipment	**342,285**	–
Profit on disposal of associates and investments	**(30,399)**	(99,726)
Loss on disposal of associates and investments	**34,803**	–
Profit on disposal of a subsidiary *(Note 24)*	**(163,810)**	–
Fair value adjustment in trading investment	**83,503**	–
Provision for impairment of investments	**19,587,214**	225,000
Provision for impairment of goodwill	**3,936,226**	–
Amortisation of goodwill	**1,706,098**	–
Provision for doubtful debts	**1,745,017**	–
Increase in other receivables	**–**	(1,089,238)
Increase in work-in-progress	**(482,590)**	–
Increase in debtors, deposits and prepayments	**(151,515)**	(1,100,799)
Increase in creditors and accrued charges	**799,039**	288,354
(Decrease)/Increase in deferred income	**(953,047)**	201,613
(Decrease)/Increase in amounts due to minority shareholders	**(4,873)**	79,750
Net cash outflow from operating activities	**(13,470,724)**	(1,983,507)

(b) Non-cash transactions

During the year the Group acquired certain subsidiaries for which part of the consideration of US$5,854,871 was satisfied by way of the issue of shares. During the year the Group also took shares in another company as consideration for disposing of its interest in subsidiary of US$192,138.

For the year ended 31 December 2001

23. PURCHASE OF SUBSIDIARIES

Net assets of subsidiaries acquired during the year are as follows:–

	US$
Non-current assets	
Property, plant and equipment	3,554,695
Intangible assets	109,303
Other assets	18,232
	3,682,230
Current assets	
Work-in-progress	766,594
Debtors, deposits and prepayments	823,789
Cash and bank balances	999,172
	2,589,555
Current liabilities	
Creditors and accrued charges	(2,347,439)
Provision for taxation	(5,069)
Current portion of obligations under finance leases	(6,896)
	(2,359,404)
Net current assets	230,151
Non-current liabilities	
Obligations under finance leases	(4,159)
Minority interests	(1,949,303)
Goodwill	4,609,098
	6,568,017
Satisfied by:	
Shares allotted	5,854,871
Cash	713,146
	6,568,017

23. PURCHASE OF SUBSIDIARIES (continued)

Net cash inflow arising on acquisition of subsidiaries:–

	US$
Cash consideration	(713,146)
Cash and bank balances acquired	999,172
Net inflow of cash and cash equivalents in respect of the purchase of subsidiaries	286,026

24. DISPOSAL OF A SUBSIDIARY

Net assets of a subsidiary disposed of during the year are as follows:

	US$
Property, plant and equipment	27,403
Debtors	925
	28,328
Profit on disposal	163,810
Total consideration	192,138
Satisfied by shares allotted	192,138

25. DIRECTORS' REMUNERATION AND EMPLOYEES' REMUNERATION

(a) Remuneration of the directors for the year was as follows:

	2001	2000
	US$	US$
Fees		
Executive directors	–	–
Non-executive directors	–	–
Independent non-executive directors	30,053	22,500
	30,053	22,500
Other emoluments		
Executive directors	555,005	405,909
Non-executive directors	–	–
Independent non-executive directors	–	–
	585,058	428,409

	Number of directors	
	2001	2000
Emoluments band		
US$Nil to US$129,000	6	6
US$129,001 to US$193,000	1	2
US$193,001 to US$257,000	2	–

For the year ended 31 December 2001

25. DIRECTORS' REMUNERATION AND EMPLOYEES' REMUNERATION (continued)

(b) Details of emoluments paid to the five highest paid individuals (including directors and other employees) were:

	2001	2000
	US$	US$
Fees and other emoluments	**1,258,404**	810,766
Number of directors	**1**	2
Number of employees	**4**	3

	Number of individuals	
	2001	2000
Emoluments band		
US$129,001 to US$193,000	**–**	5
US$193,001 to US$257,000	**4**	–
US$321,001 to US$385,000	**1**	–

26. LOAN TO OFFICER

Loan to officer disclosed under S.161B of the Hong Kong Companies Ordinance is as follows:

Name	Capacity	At 1 January 2001	Maximum amount during 2001	At 31 December 2001
		US$	US$	US$
Chow Wan Hoi, Paul	Company secretary	481,611	481,611	400,871

The balance is interest free, unsecured and repayable by instalments no later than 30 September 2003.

Chow Wan Hoi, Paul resigned as Company secretary and as an employee on 12 May 2001 and the outstanding balance of US$400,871 was included in other receivables in the consolidated balance sheet as at 31 December 2001.

27. FINANCIAL INSTRUMENTS

Financial instruments of the Group include other investments, loans and receivables, cash and bank balances, creditors and other payables.

(a) Credit risks

Cash and bank balances

The Group's bank balances were mainly with four banks in Hong Kong, Australia and Korea.

Loans and other receivables

The Group does not have a significant exposure to any individual client or counterparty. The major concentration of credit risk arises from exposures to a number of debtors operating in various regions including Asia and Australia.

(b) Fair values

The fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts.

28. EQUITY COMPENSATION BENEFITS

(a) Pre-IPO Share Option Plan

As at 31 December 2001, options to subscribe for an aggregate of 348,696,939 ordinary shares of US$0.001 each in the Company pursuant to the Pre-IPO Share Option Plan (as approved by the shareholders of Crosby Limited, on 2 July 1999 and novated to the Company on 28 March 2000) were outstanding.

No further options pursuant to the Pre-IPO Share Option Plan are to be granted and none have been exercised.

(b) Share Option Scheme

As at 31 December 2001, options to subscribe for an aggregate of 138,919,585 ordinary shares of US$0.001 each in the Company pursuant to the Share Option Scheme (adopted by the Company on 3 April 2000) were outstanding.

Pursuant to the Company's Share Option Scheme, a duly authorised committee of the board of directors of the Company may, at its discretion, grant options to eligible employees, including executive directors, of the Company or any of its subsidiaries to subscribe for shares in the Company at a price not less than the closing price of the shares of the Company on the Exchange on the date of grant of the particular option or the average of the closing prices of the shares of the Company for the five trading days immediately preceding the date of the grant of the options or the nominal value of the shares, whichever is the higher. A nominal consideration of HK$10 is payable on acceptance of the grant of an option.

28. EQUITY COMPENSATION BENEFITS (continued)

The maximum number of shares in respect of which options may be granted under the Share Option Scheme (including the Pre-IPO Share Option Plan) shall not exceed 30% of the shares of the Company in issue from time to time during a specified period of 10 years from 3 April 2000, subject to certain conditions being satisfied and shareholders' approval being obtained; and the maximum number of shares in respect of which options may be granted to any one eligible employee shall not exceed 25% of the aggregate number of shares for the time being issued or issuable under the Share Option Scheme (including the Pre-IPO Share Option Plan).

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period (shall not be less than three years and not more than ten years) as notified by the committee to each grantee. However, options granted under the Pre-IPO Share Option Plan are exercisable as follows:

The grantee's right to exercise the option vests in three stages, such that the grantee has the right to exercise the options in respect of:

(a) the first thirty percent of the options commencing on the first anniversary of the date of grant;

(b) the next thirty percent of the options commencing on the second anniversary of the date of grant; and

(c) the remaining options commencing on the third anniversary of the date of grant.

Movements of the share options during the year are as follows:

	Exercise price			
	HK$0.19	**HK$0.47**	**HK$1.05**	**HK$0.20**
At 1 January	171,065,364	213,018,480	85,504,800	–
Options granted during the year				
April	–	–	–	76,979,780
May	–	–	–	31,600,000
Lapsed during the year	(32,761,350)	(25,860,555)	(17,356,545)	(14,573,450)
Exercised during the year	–	–	–	–
At 31 December	138,304,014	187,157,925	68,148,255	94,006,330

29. COMMITMENTS

At 31 December 2001, the total future minimum lease payments of the Group under non-cancellable operating leases are payable as follows:

	2001		2000	
	Properties	**Others**	Properties	Others
	US$	**US$**	US$	US$
Within one year	**1,237,196**	**304,003**	872,542	–
In the second to fifth years	**1,696,089**	**207,383**	1,145,800	–
	2,933,285	**511,386**	2,018,342	–

30. RELATED PARTY TRANSACTIONS

Identity of related parties:

The Group has a related party relationship with its directors and executive officers, with certain significant shareholders, with Nirvana Capital Limited ("NCL") which is a fund managed by the Group, and with its investee companies.

During the year, the Group had the following related party transactions:

	2001	2000
	US$	US$
Advertising and marketing expenses to an investee company	**(50,000)**	(25,000)
Advertising and marketing expenses to associates	**(44,525)**	(141,978)
Consultancy fee income from an associate	**41,149**	31,187
Corporate finance and other advisory fees from a shareholder	**–**	45,000
Corporate finance and other advisory fees from an associate	**157,000**	–
Corporate finance and other advisory fees from investee companies	**130,947**	615,000
Equipment rental income from an associate	**160,836**	155,934
Fund management fee income from NCL	**531,169**	328,005
Incubation services income from associates	**139,263**	208,620
Incubation services income from investee companies	**109,673**	21,935
Information system & software expenses to an investee company	**(43,997)**	–
Information system & software expenses to an associate	**(12,746)**	–
Interest expenses to NCL	**(106,028)**	–
Interest income from an associate	**12,618**	–
Interest income from investee companies	**48,836**	–
Interest income from NCL	**126,658**	111,087
Investments made by NCL on behalf of the Group (held in the name of NCL)	**(495,461)**	(3,523,748)
Placing fee from a shareholder	**–**	925,000
Placing fees from associates	**–**	302,240
Placing fees from investee companies	**114,000**	1,103,298

For the year ended 31 December 2001

31. CONTINGENCIES

The Group and the Company had no material contingent liabilities at the balance sheet date.

32 POST BALANCE SHEET EVENTS

(a) In a circular of the Company dated 14 January 2002, the Company disclosed that it had entered into a restated memorandum of understanding with Spike Networks Limited, the minority shareholder in Spike Limited (formerly known as Spike CyberWorks Limited), a subsidiary acquired by the Group during the year, that involved the sale to Spike Networks Limited of the equity interest in Spike Limited owned by the Group and conversion of a debt facility of A$1.5 million for a controlling equity interest of 67.9% in Spike Networks Limited.

In addition, the Group has agreed in principle to restructure the outstanding current advances to Spike Limited, contingent upon completion of the transaction.

(b) In a circular of the Company dated 11 March 2002, the Company wrote to its shareholders proposing expanding and diversifying the business activities of the Group and the termination and cancellation of all the existing outstanding share options in the Company and to adopt a new share option scheme. These proposals are subject to the shareholders' approval.

The Company also disclosed in the circular that it had allowed for a possible further investment in Spike Limited, totalling up to US$4 million.

33. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

34. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 18 March 2002.