techpacific

For the
six months
ended
30 June
2002

Interim Report

Techpacific Capital Limited
(incorporated in the Cayman Islands with limited liability)

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 Capital 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 Capital 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.

ABOUT TECHPACIFIC CAPITAL LIMITED

Techpacific Capital 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 Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (HK GEM 8088), with representation in Mainland China, Korea, Singapore, Indonesia, the Philippines, the United Kingdom (covering the Middle East) and other parts of Asia.

The Group operates the following complementary lines of business:

Crosby is Techpacific's corporate finance advisory arm. Crosby raises equity and debt capital for issuers and borrowers in Asia and elsewhere from a network of corporate and institutional investors. In addition, Crosby acts as a strategic advisor and provides mergers and acquisitions, restructuring and corporate finance advisory services for companies doing business in Asia.

Techpacific Venture Capital oversees two funds: one is the US$66 million (HK$515 million) Nirvana Fund targeted mainly at early stage technology ventures in Asia, and the other is the US$32 million (HK$250 million) Hong Kong Government's Applied Research Fund (which is managed via Softech Investment Management Company Limited, a joint venture between Techpacific and Softbank).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

Overview

Financial markets, and the subdued level of economic activity generally, continued to provide a difficult trading environment for the six months under review.

The most significant event of the second quarter was the demise of the Company's digital services business, Spike. As a result of the failure by a third party investor to complete an investment into Spike, the board of directors ("Board") of Spike (Australia) Pty Limited reached the decision to place that company into voluntary administration. Following that decision and a review at the Spike parent company level, Spike Limited, the Board of Spike Limited also placed that company into provisional liquidation.

The Company confirms that, while the impact of Spike's liquidation on the Company's financial results for the period under review is significant, the impact of Spike's liquidation on the Company's continuing businesses is minimal. The Company remains without debt and has sufficient liquid and other financial resources to continue to develop its core businesses. The closure of Spike has freed up additional senior management time that can now be fully dedicated to the Company's investment banking activities.

In this latter context, the Company is pleased to report that the decision to expand and diversify the Company's business activities, communicated to you in the shareholder circular dated 11 March 2002, has begun to bear fruit. In particular, several non-technology corporate finance advisory fee-paying mandates have been signed in the period.

In addition, the Company's name change from techpacific.com Limited to Techpacific Capital Limited, approved by shareholders on 30 April 2002, was implemented.

During the six months under review, which included Spike's operations, total revenue was US$3.87 million compared to US$4.57 million in the comparable period last year, reflecting a US$0.67 million reduction in interest receivable. Second quarter total revenues for 2002 were US$1.78 million compared to US$2.29 million in the second quarter of 2001.

The net loss attributable to shareholders for the six months under review decreased 38% to US$10.01 million compared to US$16.15 million in the six months to 30 June 2001. The net loss attributable to shareholders decreased from US$10.54 million in the second quarter of 2001 to US$5.07 million in the second quarter of 2002. This primarily reflects the reduced investment provision for the six months to 30 June 2002 of US$0.70 million (2001: US$6.09 million) and the US$0.66 million gain on disposal of the Spike investment, which is net of a US$0.80 million loss transferred from the foreign exchange reserve.

Divisional Review

Spike

The most significant event during the period under review was the demise of Spike, due to the failure by a third party investor to complete an investment of A$5.8 million into Spike.

As a result of this event, Spike Limited shareholders (primarily the Company and Spike Networks Limited) considered providing further financing but did not feel able to do so. After taking professional advice, the decision to place Spike (Australia) Pty Limited into voluntary administration was taken. Following further professional advice and a review of Spike carried out at the Spike Limited parent level, the Spike Limited Board then took the decision to appoint provisional liquidators to Spike Limited and its group companies, primarily Spike (Hong Kong) Limited, Spike (Singapore) Pte Limited and Spike (Japan) Limited (together, the "Spike Group").

The decision not to provide further financing to the digital services sector, and Spike in particular, is consistent with the decision of the management team and the Company's Board taken early this year to focus the Group's resources on expanding and diversifying its investment banking and corporate finance operations, extending beyond technology-related venture capital and consulting services. This was reported in the circular to shareholders which preceded the Extraordinary General Meeting ("EGM") of the Company held on 27 March 2002.

Since the Spike Group acquisition in February 2001, a total of A$20.7 million cash was invested by the Company into Spike Limited, primarily in the form of long-term debt and convertible debt. Spike Limited was a majority-owned subsidiary of the Company and the results of the Spike Group had been fully consolidated into the Company's accounts from the initial investment in February 2001 until 30 June 2002.

The financial impact on the Company of the Spike Group liquidation includes a reduction in monthly operating costs (excluding non-cash items) from US$1.95 million to US$0.60 million, a reduction of just under 70%. The Company's monthly cash consumption is thus reduced. Further details are set out in note 7 to the Interim Report. The Company's income statement and balance sheet will henceforth more accurately reflect its core businesses of investment banking and asset management.

An additional non-financial benefit from the Spike Group liquidation is that the Company's senior management team will have additional time available to focus on developing the core investment banking operations of the Company.

Investment Banking

The Company continues to use the Crosby brand name to market its corporate finance advisory and investment banking services. As set out in the shareholder circular dated 11 March 2002 and ratified at the Company's 27 March 2002 EGM, these services are now being marketed to a wider range of clients, extending beyond the technology sector.

Despite difficult market conditions, it is evident that the Crosby name is recognized and is helping the business to gain market traction. The business development efforts of the half-year have resulted in the Company being mandated to act as financial advisor on several significant transactions in the region as well as in healthy growth of the Company's pipeline of corporate finance mandates. The management is optimistic that the growth trend will continue for this business.

The Crosby division currently employs 17 professional staff and is represented in Hong Kong, Mainland China, Korea, Singapore, Indonesia, the Philippines and the United Kingdom.

Asset Management

The Group oversees two technology investment funds, Nirvana Capital Limited (the "Nirvana Fund") and the Hong Kong SAR Government's Applied Research Fund (the "ARF"). In view of the downturn in valuations of technology investments (particularly in early stage companies) since the Nirvana Fund and ARF were established, the Company has reviewed the strategy for each of the funds.

Nirvana Fund

The directors of the Nirvana Fund have in July recommended certain proposals, which will be voted upon at an EGM to be held on 15 August 2002. These proposals, if approved by Nirvana Fund Shareholders, will reduce the size of the Fund and the management fees received by the Company.

Applied Research Fund

The ARF continues actively to seek investment opportunities in well-managed companies with technology developed in Hong Kong. However, in recognition of the reduced investment activity in Hong Kong's technology sector since the contract was awarded, Softech Investment Management Company Limited ("Softech") (the management company of the ARF), has agreed with the Hong Kong SAR Government's Applied Research Council to reduce its management fee with effect from 1 July 2002.

Investment Valuations

Following the comprehensive investment portfolio review carried out throughout 2001, a further review has recently been completed.

In deciding on any impairment in the carrying value of investments, the Company satisfies itself that the relevant investee companies are not expected to have going concern problems in the foreseeable future and that they are either profitable or achieving milestones as set out in their business plans, with a realistic prospect of raising the capital necessary for their further development. Where the Company considers investee companies to have going concern problems, provisions are made. In certain other cases, the Company will also look at the liquidation value of investee companies.

Significant changes in the circumstances of continuing investments or poor operating results will lead to further provisions and this is reflected in the fact that investments held by the Group (including Techpacific's participation in funds under its management) have been written down during the second quarter by US$0.70 million (2001: US$6.09 million).

Other Matters

Liquidity and Financial Resources

The Group financed its operations and investing activities with internally generated cashflows and the balance of proceeds from the IPO.

As at 30 June 2002, the Group had cash and bank balances of US$12.89 million, compared to US$19.80 million at 31 December 2001. During the six months ended 30 June 2002, the Group utilized US$6.91 million to finance its operations and investment activities. Following the closure of Spike, the Group's cash operating costs are expected to be approximately US$0.60 million per month.

Capital Structure

There were no changes in the Company's capital structure in the six months to 30 June 2002.

Foreign Currency Exchange Exposure

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

Employee Information

As at 30 June 2002, the Group had 43 full-time employees (2001: 184). Employee remuneration for the six months totaled US$7.81 million (2001: US$6.17 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 headcount decrease from 2001 to 2002, without a commensurate reduction in costs, reflects the closure of the Spike Group at the end of the period.

The Group also operates employee share option schemes, as detailed in this report.

Details of Future Plans for Material Investments

The plan to invest US$4.25 million on business expansion and diversification was approved at the EGM of 27 March 2002. Execution of this plan continues although, in response to the difficult market conditions, the investment programme is regularly reviewed and has deliberately been undertaken at a slower rate.

Details of Charges on Group Assets

There were no charges on the Group assets as at 30 June 2002, compared to US$0.4 million as at 31 December 2001.

Progress Against Business Objectives

On 11 March 2002 the Company issued a circular (the "Circular") to shareholders seeking, inter alia, approval for a proposed expansion and diversification of business activities. This approval was granted by shareholders on 27 March 2002. Included in the Circular was a table of revised business objectives in line with the expanded and diversified activities.

The following is a comparison of actual business progress in the six months ended 30 June 2002 ("Review Period") and the business objectives for the Review Period as set out in the Circular.

	Expanded Business Objectives during the Review Period as set out in the Circular		**Actual Business Progress during the Review Period**
1.	Expand business in key markets including Greater China, Singapore and Korea	1.	Established a wholly-owned foreign enterprise (WOFE) in Shanghai and signed several corporate finance advisory mandates in Singapore and Indonesia
2.	Expand the range of corporate finance and corporate advisory services to non-technology sectors, including, but not limited to, the media, logistics and food sectors	2.	The Crosby business has signed several significant, non-technology corporate finance advisory mandates
3.	Increase the level of funds under management by launching new funds within and beyond the technology sector, such as the special situation funds	3.	Increasing funds under management has not been possible due to adverse market conditions in the Review Period
4.	Continue to support the development of Spike as a leading communications and digital services business in Asia and Australia, with particular focus on strengthening its Australian and Japanese client base	4.	As a result of the failure by a third party investor to complete an investment into Spike, the Spike Group was placed into provisional liquidation at the end of the Review Period
5.	Invest in additional technology in promoting Techpacific and Spike	5.	The Company continues to invest in the development of its website to facilitate and better market its businesses
6.	Enhance the brand awareness of the expanded corporate finance and new asset management activities under the new Crosby brand name	6.	There has been a significant marketing effort throughout the region to promote the Crosby brand. This has resulted in several signed, fee-paying mandates

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Six Months Ended 30 June		Unaudited Three Months Ended 30 June	
		2002	**2001**	**2002**	**2001**
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Turnover	2	3,691	3,424	1,701	1,702
Other revenue	5	174	1,143	81	592
Total revenue		3,865	4,567	1,782	2,294
Operating expenses		(13,503)	(11,995)	(6,665)	(7,116)
Loss from operations	6	(9,638)	(7,428)	(4,883)	(4,822)
Amortization of goodwill		(72)	(1,647)	(36)	(988)
Provision for impairment in investments		(946)	(9,059)	(703)	(6,092)
Profit on investment disposals	7	717	–	681	–
Share of losses in associates		(25)	(326)	(2)	(164)
Loss before and after taxation		(9,964)	(18,460)	(4,943)	(12,066)
Minority interests		(44)	2,310	(128)	1,525
Loss attributable to shareholders		(10,008)	(16,150)	(5,071)	(10,541)
Loss per share – Basic	8	(USD0.40 cent)	(USD0.65 cent)	(USD0.20 cent)	(USD0.41 cent)

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	Unaudited 30 June 2002 US$'000	Audited 31 December 2001 US$'000
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets	7	587	2,490
Interests in associates	9	505	551
Available-for-sale investments	10	1,944	2,314
Intangible assets	11	342	474
		3,378	5,829
Current assets			
Work-in-progress		–	284
Debtors, deposits and prepayments	12	1,850	3,333
Trading investments	13	–	246
Cash and bank balances		12,893	19,795
		14,743	23,658
Current liabilities			
Creditors and accrued charges	14	1,635	2,826
Deferred income		96	219
Provision for taxation		37	35
		1,768	3,080
Net current assets		12,975	20,578
Total assets less current liabilities		16,353	26,407
Non-current liabilities			
Provision for deferred taxation		26	26
Others		–	33
		26	59
Minority interests		100	627
Net assets		16,227	25,721
CAPITAL AND RESERVES			
Share capital	15	2,503	2,503
Accumulated losses		(47,655)	(37,647)
Other reserves	16	61,379	60,865
Shareholders' funds		16,227	25,721

CONDENSED CONSOLIDATED CASHFLOW STATEMENT

	Unaudited Six Months Ended 30 June	
	2002 *US$'000*	**2001** *US$'000*
Net cash outflow from operating activities	(6,537)	(6,170)
Net cash (outflow) / inflow from investing activities	(506)	2,460
Net cash outflow from financing activities	–	(276)
Net decrease in cash and cash equivalents	(7,043)	(3,986)
Cash and cash equivalents as at 1 January	19,795	29,965
Effect of exchange rate fluctuations	141	(28)
Cash and cash equivalents as at 30 June	12,893	25,951

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1. Basis of presentation

The principal accounting policies adopted in preparing the unaudited condensed consolidated interim financial statements ("interim financial statements") conform to International Accounting Standards.

The interim financial statements incorporate those of the company and its subsidiaries made up to 30 June each year. Material intra-group transactions and balances and any unrealized gains / losses arising from intra-group transactions are eliminated in preparing the interim financial statements.

The results of subsidiaries are included in the interim financial statements from the date that control effectively commences until the date that control effectively ceases.

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

The principal accounting policies adopted in the interim financial statements are consistent with those followed in the 2001 Annual Report.

2. Turnover

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.

Turnover from digital services comprises e-Services income.

3. Taxation

No income tax has been provided for in the six months or three months ended 30 June 2002 as neither the Group nor any of its associated companies derived any profit that is subject to income tax.

4. *Segmental information*

Segmental information of the Group by business segment (primary segment) and geographical segment (secondary segment) for the six months ended 30 June is as follows:

		Investment Banking Asia Techpacific Group Excluding Spike		(Discontinued) Digital Services Asia and Australia Spike		Total Techpacific Group Including Spike	
		2002	**2001**	**2002**	**2001**	**2002**	**2001**
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Turnover	*2*	1,178	1,169	2,513	2,255	3,691	3,424
Other revenue	*5*	167	1,100	7	43	174	1,143
Operating expenses		(4,759)	(5,105)	(8,744)	(6,890)	(13,503)	(11,995)
Loss from operations	*6*	(3,414)	(2,836)	(6,224)	(4,592)	(9,638)	(7,428)
Amortization of goodwill		(72)	(1,647)	–	–	(72)	(1,647)
Provision for impairment in investments		(946)	(9,059)	–	–	(946)	(9,059)
Profit on investment disposals	*7*	717	–	–	–	717	–
Share of losses in associates		(25)	(278)	–	(48)	(25)	(326)
Loss before and after taxation		(3,740)	(13,820)	(6,224)	(4,640)	(9,964)	(18,460)
Minority interests		(44)	22	–	2,288	(44)	2,310
Loss attributable to shareholders		(3,784)	(13,798)	(6,224)	(2,352)	(10,008)	(16,150)

5. *Other revenue*

	Six Months Ended 30 June	
	2002	**2001**
	US$'000	*US$'000*
Bank interest income	119	793
Incubation services	53	324
Others	2	26
	174	1,143

6. *Loss from operations*

	Six Months Ended 30 June	
	2002	**2001**
	US$'000	*US$'000*
Loss from operations is arrived at after charging:		
Amortization of intellectual properties	12	223
Auditors' remuneration	91	128
Depreciation	901	942
Provision for doubtful debts	310	914
Operating leases in respect of rented premises	702	811
Staff costs (excluding directors' fees)	7,813	6,168

7. *Disposal of investments*

Control of the Spike Group effectively ceased at 30 June 2002 and the net liabilities of the Spike Group disposed of at that time are as follows :

	Six Months Ended 30 June	
	2002 *US$'000*	**2001** *US$'000*
Net liabilities *(Note a)*	13,290	–
Less: Loan provisions and closure costs	(11,832)	–
Less: Transfer from foreign exchange reserve	(797)	–
Profit on disposal of a subsidiary	661	–
Profit on disposal of other investments	56	–
	717	–

Note a: Included in the net liabilities are fixed assets with a net book value of US$1.17 million. The disposal of these assets represents all material fixed asset movement during the six months ended 30 June 2002.

8. *Loss per share*

The calculation of the basic loss per share for the six months ended 30 June 2002 is based on the loss attributable to shareholders of US$10,007,553 (2001: US$16,149,622) and the weighted average number of shares of 2,502,577,245 (2001: 2,484,246,306).

The calculation of the basic loss per share for the three months ended 30 June 2002 is based on the loss attributable to shareholders of US$5,071,167 (2001: US$10,541,183) and the weighted average number of shares of 2,502,577,245 (2001: 2,567,886,036).

No diluted loss per share is shown, as the exercise of the share options granted by the Company would have an anti-dilutive effect on the loss per share for the six months and three months ended 30 June 2002. As of 30 June 2002, Nil (2001: 140,606,593) options are currently exercisable, following the termination of the existing option schemes and the adoption of a new scheme on 27 March 2002, as referred to in the following share options note.

9. *Interests in associates*

	30 June 2002 *US$'000*	**31 December 2001** *US$'000*
Associates accounted for under equity method:		
Carrying value net of provision for impairment	50	83
Associates acquired and held with a view to dispose in the near future:		
Cost less provision for impairment	430	392
	480	475
Amounts due from associates	25	76
	505	551

10. *Available-for-sale investments*

	30 June 2002 *US$'000*	**31 December 2001** *US$'000*
Unlisted investments	11,961	11,818
Less: Provision for impairment	(10,412)	(9,797)
	1,549	2,021
Listed investments	395	293
	1,944	2,314

11. Intangible assets

	30 June 2002 US$'000	31 December 2001 US$'000
Goodwill	342	414
Intellectual Property	–	60
	342	474

12. Debtors, deposits and prepayments

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

At the balance sheet date, included in debtors, deposits and prepayments are trade debtors of US$193k (as at 31 December 2001: US$1,080k), of which Nil (as at 31 December 2001: US$138k) and US$57k (as at 31 December 2001: US$36k) are net amounts due from investee companies and associates respectively.

The aged analysis of the trade debtors is as follows:

	30 June 2002 US$'000	31 December 2001 US$'000
0 – 30 Days	114	576
31 – 60 Days	22	364
61 – 90 Days	–	43
Over 90 Days	57	97
	193	1,080

Also included in the debtors, deposits and prepayments are other receivables including US$154k (as at 31 December 2001: US$589k) due from Nirvana Capital Limited ("NCL"), which is a fund managed by the Group and in which the Group has invested US$1 million, plus staff loans and advances of US$367k (as at 31 December 2001: US$386k) for the purpose of assisting the employees to buy the Company's shares and for other purposes.

13. Trading investments

	30 June 2002 US$'000	31 December 2001 US$'000
Listed investments, overseas	–	246

14. Creditors and accrued charges

There are no trade creditors at 30 June 2002 (as at 31 December 2001: US$775k) included in creditors and accrued charges, following the disposal of the Spike Group.

15. 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			
At 1 January 2001	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 and 30 June 2002	2,502,577,245	–	2,502,577.25

(a) There were no changes in the authorised share capital during the six months ended 30 June 2002 or the year 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 former subsidiary, Spike Limited.

(c) During the six months ended 30 June 2002, the Company purchased Nil (2001:11,270,000), of its own shares on the Exchange.

16. Other reserves

	Share premium		**Capital reserve**		**Capital redemption reserve**	
	2002 *US$'000*	**2001** *US$'000*	**2002** *US$'000*	**2001** *US$'000*	**2002** *US$'000*	**2001** *US$'000*
At 1 January	52,209	52,444	9,228	4,589	11	–
Decrease arising from the acquisition of minority interest of a subsidiary	–	–	(64)	–	–	–
Increase arising from the issue of new shares for the acquisition of a subsidiary	–	–	–	5,132	–	–
(Decrease) / increase arising from repurchase of own shares	–	(26)	–	–	–	2
At 31 March	52,209	52,418	9,164	9,721	11	2
(Decrease) / increase arising from repurchase of own shares	–	(209)	–	–	–	9
Decrease arising from the issue of new shares for the acquisition of a subsidiary	–	–	–	(535)	–	–
At 30 June	52,209	52,209	9,164	9,186	11	11

	Investment revaluation reserve		**Foreign exchange reserve**	
	2002 *US$'000*	**2001** *US$'000*	**2002** *US$'000*	**2001** *US$'000*
At 1 January	(113)	(186)	(470)	(179)
Increase / (decrease) in fair values of listed investments	67	(626)	–	–
Increase / (decrease) in exchange difference on consolidation	–	–	25	(491)
At 31 March	(46)	(812)	(445)	(670)
Increase in fair values of listed investments	131	129	–	–
(Decrease) / increase in exchange difference on consolidation	–	–	(442)	185
Transfer to income statement on disposal of a subsidiary *(Note 7)*	–	–	797	–
At 30 June	85	(683)	(90)	(485)

17. Related party transactions

During the six months, the Group had the following related party transactions:

	Six Months Ended 30 June	
	2002 *US$'000*	**2001** *US$'000*
Advertising and marketing expenses to an investee company	–	50
Advertising and marketing expenses to an associate	9	34
Consultancy fee income from associates	48	41
Corporate finance and other advisory fees from investee companies	20	126
Equipment rental income from an associate	–	161
Fund management fee income from NCL	276	242
Incubation services income from associates	27	113
Incubation services income from investee companies	–	108
Interest expenses to NCL	–	109
Interest income from NCL	–	98
Investments made by NCL on behalf of the Group (held in the name of NCL)	198	159
Placing fees from investee companies	219	114

18. Contingencies

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

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 30 June 2002 (2001: Nil).

DISCLOSURE OF INTERESTS

(a) Directors' Interests In Securities

As at 30 June 2002, 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 SDI Ordinance) which were required to be notified to the Company and the Exchange pursuant to section 28 of the SDI Ordinance (including interests which they were taken or deemed to have under section 31 of, or Part 1 of the Schedule to, the SDI Ordinance) or which were required, pursuant to section 29 of the SDI Ordinance, to be entered in the register required to be kept therein, or which were required pursuant to Rules 5.40 of the GEM Listing Rules relating to securities transactions by the directors to be notified to the Company and the Exchange were as follows:

(i) Equity interests in the Company

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

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

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) Directors' right to acquire shares in the Company

At the Extraordinary General Meeting held on 27 March 2002, all existing option schemes were terminated, all existing options cancelled and a new option scheme was adopted. No director received any rights under the new scheme, except as follows:

Name	Effective Date	Option Shares	Subscription Price
Johnny Chan Kok Chung *(Note 1)*	27 March 2002	2,500,000	HK$0.0704

Note 1: The holding is comprised of 2,500,000 options 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.

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

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

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

(b) Share Options

At the Extraordinary General Meeting held on 27 March 2002, all existing option schemes were terminated, all existing options cancelled and a new share option scheme was adopted.

No options relating to any previous scheme have ever been exercised. None of the options issued under the new scheme will vest prior to 28 March 2003 and cannot be exercised prior to that date.

During the three months ended 30 June 2002, no options were granted under the new scheme. During the period from 27 March 2002 to 31 March 2002, 248,244,700 options were granted by the Company under the new scheme.

During the period from 27 March 2002 to 30 June 2002, no employees of the Company holding options under the new scheme left the Company. Pursuant to the terms of the new share option scheme, any such options lapse with effect from the date of resignation of such employees. Under rule 23.03(2) (Note 2) of the Rules Governing the Listing of Securities on GEM, options that have lapsed under the terms of the scheme will not be counted as part of the total number of securities subject to the scheme mandate limit of 10% of issued share capital.

As at 30 June 2002, options to subscribe for an aggregate of 248,244,700 ordinary shares of US$0.001 each in the Company pursuant to the new share option scheme were outstanding.

Save as disclosed above, during the period from 27 March 2002 to 30 June 2002, none of the directors and employees of the Company or its subsidiaries was granted options to subscribe for shares in the Company.

(c) Substantial Shareholders

So far as the directors are aware, as at 30 June 2002, the holders of 10% or more of shares of the Company were as follows:

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

Save as disclosed above, the directors are not aware of any other persons who were, as at 30 June 2002, interested in 10% or more of the shares of the Company.

(d) Sponsor's Interest

As notified by the Company's sponsor, BNP Paribas Peregrine Capital Limited (the "Sponsor"), as at 30 June 2002, 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 herein, neither the Sponsor nor its directors or employees or associates (as referred to in Note 3 to rule 6.35 of the GEM Listing Rules) had any interests in the securities of the Company, including options or rights to subscribe for such securities.

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

(e) Other Interests

The directors are not aware of any business or interest, as of 30 June 2002, 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.

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. The audit committee members comprise Alec Tsui Yiu Wa, Max Carrol Chapman, Jr. and Robert John Richard Owen. Its principal duties are to review and supervise the Company's financial reporting process and internal control systems.

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 period.

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

During the six months and three months ended 30 June 2002, the Company purchased Nil shares (2001: 11,270,000), but did not sell or redeem any of the Company's listed securities.

CHANGE OF NAME

At the Extraordinary General Meeting of the Company held on 30 April 2002, the shareholders approved a special resolution to change the name of the Company to "Techpacific Capital Limited". The Company has subsequently implemented this change.

The name change has been carried out in order to better reflect the Company's expansion of its business activities.

By Order of the Board
Robert John Richard Owen
Chairman

Hong Kong, 13 August 2002