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iAsia Technology Limited

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

Annual Report 2002

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

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

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

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

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Executive Directors	Dr. HO Hung Sun, Stanley *(Chairman)* Mr. HO Yau Lung, Lawrence *(President & Vice Chairman)* Dr. LEE Jun Sing Mr. KO Chun Fung, Henry
Non-executive Directors	Mr. CHENG Kar Shing, Peter Mr. FUNG Hoo Wing, Thomas Ms. LEONG On Kei, Angela
Independent Non-executive Directors	Mr. TSUI Yiu Wa, Alec Attorney PATAJO-KAPUNAN, Lorna
Registered Office, Head Office and Principal Place of Business	28/F., The Centrium 60 Wyndham Street Central Hong Kong
Company Homepage/Website	http://www.iasiatechnology.com
Company Secretary	Ms. FUNG Wai Har, Amanda AHKSA, ACCA
Qualified Accountant	Ms. FUNG Wai Har, Amanda AHKSA, ACCA
Compliance Officer	Mr. KO Chun Fung, Henry
Audit Committee	Attorney PATAJO-KAPUNAN, Lorna *(Chairperson)* Mr. TSUI Yiu Wa, Alec
Authorised Representatives	Mr. KO Chun Fung, Henry Dr. LEE Jun Sing
Principal Banker	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Central Hong Kong
Share Registrar and Transfer Office	Abacus Shares Registrars Limited 5/F., Wing On Centre 111 Connaught Road Central Central Hong Kong
Stock Code	8101

PRESIDENT'S STATEMENT

Since the worldwide downturn in the Internet industry and capital markets in mid 2000, iAsia Technology Limited ("the Company") and its subsidiaries ("the Group") had been operating under an ongoing difficult market condition and the consolidation of the financial trading industry had slowed down the capital spending in the broker community. Despite the adverse market conditions, the directors ("Directors") and the management of the Company had devoted great efforts in the enhancement of revenue growth through the expansion of the financial trading services technology and network. Concurrently, the Group had executed disciplined cost control measures to streamline operations through integration of resources especially those brought in by CFN Hongkong Limited and CFN (UK) Limited (collectively "CFN companies") which had become the subsidiaries of the Company in December 2001. Indeed, following CFN companies transaction, the capital structure of the Group had been significantly strengthened as a result of the considerable cash reserves retained by CFN companies.

During the past three years, the Group's business development proceeded along with three main directions: expanding the revenue base of existing businesses profitably; continuously improving the quality of products and services and at the same time, increasing the products range; and exploring new business opportunities through organic growth or strategic acquisitions.

Reflecting the Group's business philosophy, the Group had implemented certain policies and measures during the year under review to boost revenue and contain costs, thereby maximizing the operating efficiency and productivity of the Group. Amongst those was the introduction of a flexible instalment payment policy so as to attract more broker firms and other financial institutions to adopt and use our services and products at a relatively low initial cost. On product side, the Group had continuously upgraded and improved its existing securities front office trading and back office settlement systems and simultaneously developed new products in order to meet the stringent demands of the clients. For instances, a new self-developed Futures and Option Trading System was launched in April 2002 and since October 2002, our products range was further enlarged by certain other new systems such as the Foreign Exchange Margin Trading System which had already been introduced to the market, the Mutual Fund Settlement System and the Insurance Broking System, both of which are in the pipeline. The Directors believe that the Group is one of the market leaders in the financial trading solutions industry in terms of the number of institutional clients and products range.

Apart from the Hong Kong market, the Group has continued to seek new business opportunities in other markets, in particular, other areas of the PRC. As such during July and August 2002, the Company had set up two new subsidiaries, namely Elixir Group Limited and Elixir Group (Macau) Limited (collectively "Elixir Group companies") as special vehicles for the promotion of the Group's products in Hong Kong, the Pearl Delta Region and Macau. In addition, Elixir Group companies had formed strategic alliances with certain world-famous hardware suppliers offering the clients with hardware solutions services that complement the Group's software products.

The efforts made by the Group was proved to be rewarding as it had recorded a significant increase in turnover from approximately HK$3.6 million for the year ended 30th September 2001 to approximately HK$10.3 million for the year ended 30th September 2002. Nevertheless the Directors and the management are in no way complacent about this achievement as the net loss after tax of the Group for the year under review had also increased by approximately HK$62.8 million from approximately HK$28.4 million for the year ended 30th September 2001 to approximately HK$91.2 million for the year ended 30th September 2002. Irrespective of the fact that over approximately 92% of the increase in the net loss after tax was attributable to certain provisions made during the review year for the impairment loss on fixed assets together with impairment loss on and amortization of goodwill arising from the acquisition of CFN companies, the Group will endeavour and continue to practice prudence in fiscal and effective cost management with a view to optimizing the profitability of the Group and with the implementation of the aggressive but prudent cost reduction measures in headcount and other operating expenses during the review year, the Directors are confident that the Group is well positioned to reach greater heights.

On top of the continuous expansion and improvement of products range, the Directors see diversification of business of the Group an indispensable measure to broaden the Group's client base and revenue stream. To this end, the Company on 28th September 2002, entered into a sale and purchase agreement with CEF Brokerage Holdings Limited and CEF Holdings Limited to acquire from them the entire issued share capital of three of their respective subsidiaries, namely CEF Brokerage Limited, CEF Futures Limited and CEF Capital Limited (collectively "CEF companies") engaged in investment banking and financial services, namely brokerage and dealing of securities, futures and related products and advisory activities relating to corporate finance matters respectively for a total consideration of HK$126 million subject to adjustment. The acquisition was completed on 18th December 2002. The Directors perceived that the established operation of CEF companies coupled with the technology know-how and infrastructure of the Group can complement the development of new products and services to be provided by the enlarged Group. These new activities will in turn transform into enhanced revenue stream and a broadened client base as more comprehensive range of quality financial services can be delivered to existing or potential clients, retail or institutional alike.

Hong Kong is renowned as an international financial centre and this status will be further reinforced in the long term. The needs for capital markets always exist, so does that for brokerage services. Although the securities and commodities broking and corporate finance businesses of CEF companies are inevitably suffering from the impacts of the contemporary global economic downturn, the Directors believe that cyclical upturns and downturns is a normal market phenomenon and by entering the market at downturns will allow the Group to capture the opportunities at market upturns and pave the path for a steady growth of business in the future. In line with the acquisition of CEF companies, the Group will also be able to participate in the investment banking business in the PRC, giving it another valuable business prospect. The Directors are therefore confident that the inclusion of CEF companies into the Group will position the Company to become a prominent player in the regional financial services industry and expects the enlarged Group will have a very active and positive year ahead.

On behalf of the board of Directors, I would like to take this opportunity to express my sincere gratitude to our valued shareholders, clients and business associates for their continuous support and encouragement. I would also like to express my thanks and appreciation to my fellow Directors, the management and the staff for their contributions and dedicated efforts throughout the year.

Ho Yau Lung, Lawrence
President

18th December 2002

BUSINESS REVIEW

The principal activities of the Group were the provision of comprehensive online trading and related systems to financial institutions and intermediaries principally in Asia, and investment holding. Its principal revenue includes sales of front office trading and back office settlement systems, after-sales maintenance fees, system customisation and network support fees from information technology consultancy work for clients. The Group's business development proceeded along with three main directions: expanding the revenue base of existing businesses profitably; continuously improving the quality products and services and at the same time, increasing the products range; and exploring new business opportunities through organic growth or strategic acquisitions.

The Directors believed that year 2002 was a challenging time for the Group. Following completion of the acquisitions of CFN companies in December 2001, the Group had undertaken thorough business reviews to evaluate the position of each individual business unit with a view to effecting strategic and structural changes that will best assist the overall performance of the Group and its future plans. The Group had carried out a restructuring programme to consolidate the technology related assets of CFN companies under the information technology arm of the Group for maximising operational efficiency and achieving maximum synergies.

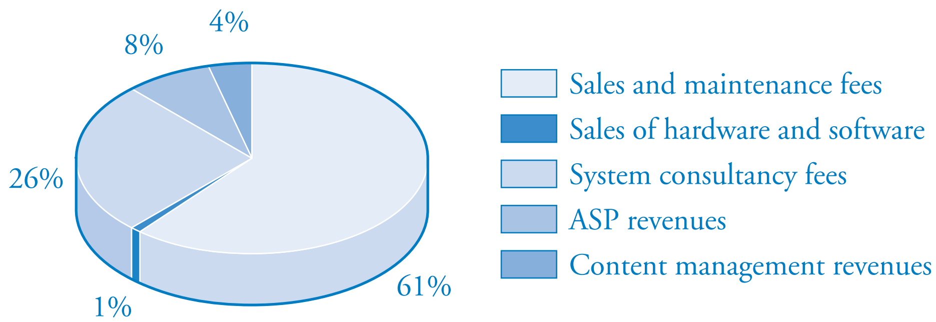
Despite business environments had remained sluggish in Hong Kong, the Group succeeded in expanding its client bases and revenue streams with its high standard of services and enlarged products range. The sales of front office trading and back office settlement and accounting systems performed well and showed steady growth during the year ended 30th September 2002. The turnover generated from the sales of such systems and provision of their after-sales maintenance services remained the backbone of the Group's revenue. In line with the Group's objective of broadening revenue sources by continuously strengthening its products range, the Group had launched its Futures and Option Trading Systems and services to the market in April 2002. Meanwhile, the Group commenced the development of an Insurance Broking System that targeted to support the brokerage business of the insurance companies in Hong Kong. The Group will continue to strengthen its range of financial related products through self-development and acquisitions to meet the market needs and the specific requirements of the existing clients and potential clients.

With the passing of the capital expenditure-intensive period in the past three years, the Directors believe that the Group will be in a favourable position to capture the full benefits from the previous investments.

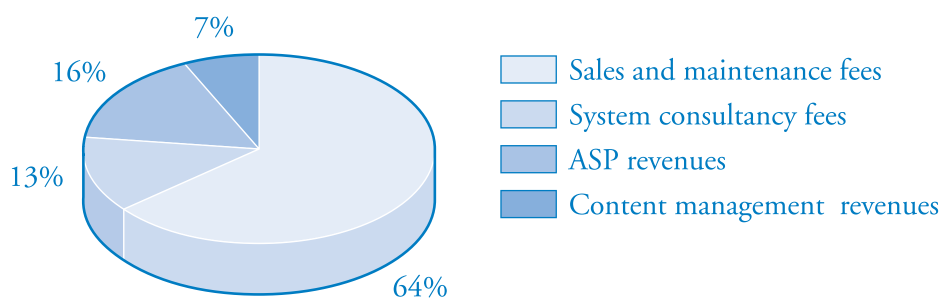
FINANCIAL REVIEW

The total turnover of the Group increased significantly from approximately HK$3.6 million for the year ended 30th September 2001 to approximately HK$10.3 million for the year ended 30th September 2002. The significant growth during the year was due to change of the Group's business model since the past year by putting more emphasis on the sales of trading and back office systems, rather than the original ASP model. The new model not only generates one-off sales of systems income for the Group but also a recurring income for the after-sales services, including the provision of maintenance services and system consultancy services. In addition to the continuous expansion of its products range to add value to the Group's services and the introduction of flexible payment policy, such as instalment payment plan during the year, the revenue from the sales of trading and back office systems together with the provision of after-sales maintenance services, and system consultancy services contributed approximately HK$6.3 million and HK$2.7 million respectively, representing approximately 61% and 26% of the total turnover for the year ended 30th September 2002, as compared to approximately HK$2.3 million and HK$0.5 million respectively, representing approximately 64% and 13% of the total turnover for the year ended 30th September 2001. The chart below illustrates the turnover composition.

Turnover, by activity 2001-2002



Turnover, by activity 2000-2001



Notes:

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

Despite the steady growth of revenue in 2002, the Group generated a net loss after tax of approximately HK$91.2 million for the year ended 30th September 2002, compared with approximately HK$28.4 million for the corresponding year in 2001, representing an increase of approximately HK$62.8 million. The significant increase of the net loss after tax for the year ended 30th September 2002 was mainly due to:

(1) the provisions made for the impairment loss on fixed assets of approximately HK$11.5 million and the impairment loss on goodwill arising from acquisition of CFN companies of approximately HK$46.4 million during the year. These provisions were made on a prudent basis;

(2) the depreciation expenses increased by approximately HK$2.5 million (excluding the effect of consolidating CFN companies) as a result of the increase in the products range through completion of the self-development activities and acquisitions over the year;

(3) the amortisation of goodwill arising from the acquisition of CFN companies since December 2001 to March 2002 was approximately HK$1.4 million; and

(4) the consolidation of post-acquisition losses other than the impairment losses on fixed assets and goodwill of CFN companies amounted to approximately HK$9.9 million in the initial stage of business development.

The loss per share attributable to shareholders for the year ended 30th September 2002 was HK$0.16. If the provisions made for the above impairment losses on fixed assets and goodwill had been stripped out, the loss per share attributable to shareholders for the year ended 30th September 2002 would have been reduced to HK$0.06 (2001: HK$0.08).

Indeed, the Group had put in place aggressive but prudent cost reduction measures in the current year. The increase in the net loss after tax as a result of the factors mentioned above was partly offset by the effect of aggressive cost reduction measures being put in place in the area of headcount, entertainment and overseas travelling. While staff costs remained to be the largest component of the operating costs, since the acquisition of CFN companies, the total headcount was reduced substantially from 70 (combined headcount of CFN companies and the Group prior to the acquisition) to 49 as of 30th September 2002. The Directors will continue to be vigilant in controlling operating costs and maintaining operational efficiency with a view to optimising the profitability of the Group.

SEGMENTAL PERFORMANCE

Segment information is primarily presented in respect of the Group's business segments. During the year ended 30th September 2002, as over 90% of the Group's turnover and contribution to the operating profit/(loss) are attributable to the provision of comprehensive online trading and related systems to licensed financial institutions and intermediaries, no detailed analysis by business segment is presented in the Directors' reports and accounts.

The Group's businesses in the provision of comprehensive online trading and related system are generally categorised into the following activities which include sales and maintenance, sales of hardware and software, system consultancy, ASP and content services. An analysis of the Group's turnover and contribution to operating profit/(loss) for the year ended 30th September 2002 together with the comparative figures for the corresponding year in 2001 by business activities is set out below:

	Turnover Year ended 30th September		Contribution to operating profit/(loss) Year ended 30th September	
	2002 HK$'000	2001 HK$'000	2002 HK$'000	2001 HK$'000
Business activities				
Sales and maintenance	6,302	2,338	(1,790)	353
Sales of hardware and software	56	–	11	–
System consultancy	2,678	461	(138)	(881)
ASP	821	585	(2,452)	(7,352)
Content management	456	250	(1,498)	(1,157)
	10,313	3,634	(5,867)	(9,037)

As mentioned in the business objectives in the prospectus of the Company dated 23rd March 2001 ("Prospectus") for the period from 1st October 2001 to 30th September 2002, the Group targeted to extend ASP services to other financial markets and to further develop content services. However, the continuous slowdown of economy and the decline in transaction volume had great adverse impact on the Group's original ASP services. The ASP services contributed to the Group's turnover and operating loss for the year ended 30th September 2002 amounted to approximately HK$821,000 and HK$2,452,000 respectively (2001: HK$585,000 and HK$7,352,000 respectively). Although the operating loss attributable to the provision of the ASP services decreased significantly, the turnover generated therefrom remained thin. The ASP services will continue to be provided upon specific needs as requested by the existing and potential clients.

The content management services contributed to the Group's turnover and operating loss for the year ended 30th September 2002 amounted to approximately HK$456,000 and HK$1,498,000 respectively (2001: HK$250,000 and HK$1,157,000 respectively). In view of the relatively high costs for providing the content management services by the Group itself, the Directors had resolved to cease further development of the financial content but rather forming strategic alliance with other financial content providers for maintaining and continuing the financial content services to existing and potential clients.

The performance of the system consultancy services improved steadily during the year. Besides, although the turnover generated from the sales and maintenance services increased sharply during the year, such services contributed to an operating loss of HK$1,790,000. This was mainly due to the increase of depreciation expenses by approximately HK$2 million as a result of the expansion in the products range for sales. It was anticipated by the Directors that such services would perform well in the coming year after the investment period.

During the year ended 30th September 2002, the Group had formed strategic alliances with certain world-famous hardware suppliers and expanded its scope of financial trading systems business from the provision of pure software solutions to also include the provision of hardware solutions services, mainly in Hong Kong, the Pearl Delta Region and Macau, to complement the Group's front office and back office software products to the clients.

For the year ended 30th September 2002, substantially all of the Group's turnover was derived from the Hong Kong market (2001: 100% of the Group's turnover was derived from Hong Kong).

LIQUIDITY AND FINANCIAL RESOURCES

As of 30th September 2002, the Group has cash balance of approximately HK$30.2 million without any bank borrowings.

CAPITAL STRUCTURE

For the year ended 30th September 2002, the Company allotted and issued an aggregate of 230,442,858 new ordinary shares of HK$0.1 each thereby increasing the issued share capital of the Company from HK$45,000,000 as at 30th September 2001 to HK$68,044,286 as at 30th September 2002.

Respectively on 9th November and 5th December 2001, the Company allotted and issued a total of 117,078,572 new ordinary shares of HK$0.1 each at HK$0.7 each for settlement of a total consideration of HK$81,955,000 for the acquisition of CFN companies by its wholly-owned subsidiary, Global Financial Services Group Limited.

On 10th June 2002, in lieu of cash payment of HK$5,015,000 payable for the acquisition of certain software together with all related proprietary and intellectual property rights of such software by the Group, the Company allotted and issued 7,164,286 new ordinary shares of HK$0.1 each at HK$0.7 each to the developer of such software, namely, China Rise Consultants Limited.

On 15th July 2002, the Company entered into a conditional placing agreement with Ong Aisa Securities (HK) Limited (the "placing agent") who agreed to procure on the placing of 106,200,000 new ordinary shares of HK$0.1 each at par (the "Placing"). The closing price of the Company's shares on 15th July 2002 was HK$0.104. On 23rd July 2002, the placing agent successfully placed on behalf of the Company a total of 106,200,000 new ordinary shares of HK$0.1 each at par to 10 placees, who are independent of and not connected with any of the Directors, chief executives, substantial shareholders or management shareholders of the Company or an associate of any of them. The Directors considered that the Placing would enlarge the shareholder base and capital base of the Company and would add strength to the financial position of the Group. The Placing was completed on 2nd August 2002. The net proceeds raised from the Placing was approximately HK$10.4 million and was originally intended to be used as (i) approximately HK$3.1 million for settlement of accounts payable; and (ii) the balance of approximately HK$7.3 million as general working capital for the Group. As stated in the circular of the Company dated 16th November 2002, the portion of the said approximately HK$7.3 million, which was originally designated for the general working capital had been reallocated to finance part of the consideration for the acquisition of CEF Companies.

After the aforesaid allotments and issues of new ordinary shares, as at 30th September 2002, the total number of issued ordinary shares of the Company was 680,442,858 (30th September 2001: 450,000,000).

As at 30th September 2002, the Group's shareholders' funds was approximately HK$57,147,000 (30th September 2001: HK$54,547,000). The aggregate bank balances and cash was approximately HK$30,219,000 (30th September 2001: HK$37,926,000) without any bank borrowings. The majority was denominated in Hong Kong dollars and deposited in short-term fixed deposits. The Group aims at maintaining strong cash position.

NEW BUSINESS/PRODUCTS/SERVICES' PROSPECTS

Please refer to section headed "Business lines and portfolio of products and services" for details.

MATERIAL ACQUISITIONS, SIGNIFICANT INVESTMENTS AND THEIR FUTURE PROSPECTS

CFN Hongkong Limited and CFN (UK) Limited (Collectively "CFN companies")

The Group successfully acquired the entire issued share capital of the respective CFN companies in two stages respectively on 9th November and 5th December 2001. The principal business of CFN companies included provision of online trading solutions to small and medium sized brokers and financial institutions in Asia. The first stage was completed on 9th November 2001 with the acquisition of 35% effective equity interest in CFN Hongkong Limited and a total of 35.25% effective equity interest in CFN (UK) Limited. The second stage saw the completion of the acquisitions of the entire remaining interest in these companies on 5th December 2001. Pursuant to the acquisitions, an aggregate of 117,078,572 new ordinary shares of HK$0.1 each in the capital of the Company were allotted and issued at HK$0.7 per share as consideration for the acquisitions, this resulted in an increase of approximately HK$65.8 million (net of shares issue expenses) in the share premium account of the Company.

China Rise Consultants Limited ("China Rise")

On 28th March 2002, the Company entered into a supplemental deed (the "Supplemental Deed") with China Rise to amend the terms of the final payment of approximately HK$5 million under the deed of software assignment dated 1st May 2001 and to acquire from China Rise all the proprietary and intellectual property rights of a back-office accounting software for a consideration of HK$0.9 million. The final payment of approximately HK$5 million was settled by way of an issue of 7,164,286 new ordinary shares of the Company at an issue price of HK$0.7 per share ("New Shares"). The transaction was completed in June 2002. The allotment and issue of New Shares resulted in an increase of approximately HK$4.3 million (net of shares issue expenses) in the share premium account of the Company. The balance of approximately HK$0.9 million was settled in cash. The China Rise transaction not only helped to broaden the products range of the Group but also helped to preserve the cash resources of the Group with the enlarged issued share capital of the Company.

Top Growth Assets Limited

In order to pave the way for expansion of the Group's business in the PRC, the Group had, in April 2002, invested HK$2 million by subscribing 11% of the total issued share capital of Top Growth Assets Limited ("Top Growth"). Top Growth together with an independent third party investor established a group of companies that specialise in the provision of consultancy services, in particular business and strategic planning, to clients including high technology companies and companies providing trading systems related services, in the Greater China Region. Apart from the Group, all other shareholders of Top Growth are professional institutional investors. The investment was made from the internal resources of the Group and had marked an important milestone of the Group in penetrating in the Mainland China market, including promoting the Group's online trading and related systems to and exploring other related business opportunities with the financial institutions and other intermediaries in the PRC.

HEADCOUNT/EMPLOYEES' INFORMATION

As at 30th September 2002, the Group employed a total of 49 employees, of which 43 were located in Hong Kong and the other six are located in Macau (3) and the United Kingdom (3) as compared to 36 employees as at 30th September 2001, which were all located in Hong Kong.

Employee costs, including the Director's emoluments, amounted to approximately HK$19,350,000 for the year ended 30th September 2002 (2001: HK$19,659,000). The Group's employees are selected and promoted based on suitability for the position offered. The salary and related benefits of the employees are rewarded on a performance related basis and the general remuneration structure of the Group is subject to review annually. A wide range of benefits, including medical coverage, provident funds and overtime allowances are also provided to the employees of the Group. In addition, training and development programmes are provided to the employees of the Group on an ongoing basis.

The Group adopted the pre-IPO share option plan and the new share option scheme under which options may be granted to employees of the Group as a recognition for their contribution made to the Group and to retain those employees who will continue to make valuable contribution to the Group. Details of the share options granted to the employees as at 30th September 2002 are set out in the section headed "Details of outstanding share options granted" in the Directors' Report below.

CHARGES ON GROUP ASSETS

As at 30th September 2002, the Group had not pledged any of its assets to secure any banking facilities and borrowings (30th September 2001: HK$Nil).

GEARING RATIO

As at 30th September 2002, the Group's gearing ratio, expressed as a percentage of total borrowings over total assets, was zero (30th September 2001: Zero).

FOREIGN EXCHANGE EXPOSURE

It was the Group's policy for each operating entity to operate in local currencies, where possible, to minimise currency risk.

CONTINGENT LIABILITIES

The Group's contingent liabilities amounted to approximately HK$6.5 million as at 30th September 2002 (30th September 2001: HK$6.3 million). Details of the Group's contingent liabilities are set out in note 23 to the accounts.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND SOURCES OF FUNDING IN COMING YEAR

As at 30th September 2002, the Group had future plans for material investments other than those stated in the business plan set out in the section headed "Business Objectives" in the Prospectus.

On 28th September 2002, the Company entered into a sale and purchase agreement with CEF Brokerage Holdings Limited and CEF Holdings Limited under which the Company had agreed to acquire from them the entire issued share capital of three of their respective subsidiaries, namely CEF Brokerage Limited, CEF Futures Limited and CEF Capital Limited (collectively "CEF companies"), which will diversify and expand the Group's original business of provision of online financial trading systems and services to securities brokering, commodity trading and corporate finance services. The transaction was completed on 18th December 2002.

The total consideration for the acquisition of CEF companies is HK$126 million, subject to adjustment as described in more details in the Circular of the Company dated 16th November 2002. The consideration will be funded by the net proceeds of approximately HK$97,897,000 after expenses from a proposed rights issue of not less than 1,020,664,287 rights shares of the Company of HK$0.1 each on the basis of three rights shares for every two existing shares held with two bonus shares for every three rights shares subscribed (collectively "Rights Issue") and internal resources or banking facilities available to the Group. In the event the Rights Issue fails to proceed, the acquisition will be financed solely from internal resources and bank borrowings of the Group. Details of the Rights Issue are set out in the Circular of the Company dated 16th November 2002.

The acquisition of CEF companies constituted a material change in the general character or nature of the business of the Group under rule 17.25 of the GEM listing rules and therefore required independent shareholders' approval, which had been obtained at the extraordinary general meeting held on 10th December 2002. Subsequent to the acquisition, the Group aims to diversify its business in the financial services and investment banking industry to generate new source of income and complement its existing business. High degree of synergy is expected to be achieved through these complementary businesses.

Meanwhile, with the Group's investment and expertise in technology, the operation of CEF companies will be more rationalised to achieve better operational and cost efficiency, enabling it to expand faster and generate stronger returns. The Group will continue to commit research and development works to further improve and enhance its trading solutions services to cope with the needs of both existing and potential clients.

In the long run, the Group aims to become a regional premier investment banking group offering a wide range of services for a niche market focusing in China, Hong Kong and Macau. Its services will cover investment banking, corporate finance, securities and futures trading and brokerage, as well as wealth management and insurance and other financial related services.

Technology Business

After the acquisition of CEF companies, the technology based financial trading solutions services will remain as an integral part of the overall business strategy of the Group. Indeed, the online and settlement solutions business offered by the Group and the brokerage and corporate finance business offered by CEF companies will be run separately within the enlarged group.

The Group intends to utilise its existing technology platform to improve the operational and cost efficiency and enhance the competitiveness of the brokerage business following the acquisition.

On the product side, the Group will continue to expand its products range relating to the financial services applications, in addition to the launching of the futures and options front office and back office systems, insurance broking system, foreign exchange margin trading system and mutual fund settlement solutions.

Brokerage and Corporate Finance Businesses

With the proven business track record, sound management, established experience in corporate finance, the acquisition of CEF companies provides a solid foundation for the Group to expand into the financial services market in Hong Kong and China in addition to its existing online trading systems and services and enables the Group to provide its customers with a comprehensive range of financial services.

The Directors believe that the operational efficiency of brokerage business brought in by CEF companies will be strengthened by adopting the information technology applications of the Group. The Directors further believe that by keeping abreast of the changing needs of the market, the Group is well positioned to provide to its customers enhanced financial products and services which are supported by the Group's state-of-the-art technology platform.

China Market

The Directors intend to leverage on the established market position of CEF companies to expand the scope of services offered by the Group.

The investment in Top Growth is one of our first steps to enter into the China market. This reflects our early commitment and far-sighted planning in grasping the opportunities brought by the mainland financial services. In line with the acquisition of CEF companies, the Group will strive to participate in the investment banking business in China, giving it another valuable business prospect. The Directors are optimistic about the future of brokerage and corporate finance services in Asia, especially in the Greater China Region.

The following is a comparison of the actual business progress as measured against the statement of business objectives set out in the Prospectus for the year ended 30th September 2002. The comparison of the Group's business objectives as stated in the Prospectus to actual business progress for the six-month period ended 31st March 2002 has been reported in the interim report of this financial year. Management of the Group reviews its business objectives and strategies on an ongoing basis and makes adjustments as necessary.

Since the worldwide economy downturn, the Group has been operating under an extremely difficult market. As a result, the Company is forced to re-consider its original business objectives and business model and carried out necessary actions to rectify operation situation which resulted in certain aspects of original business objectives being modified or ceased.

Business objectives as stated in the Prospectus for the period from 1st October 2001 to 30th September 2002	Actual business progress for the period from 1st October 2001 to 30th September 2002
1. Market Penetration	
Continue to explore other markets for opportunities for market entry, alliance, joint venture or acquisition, for example, Europe and North America.	The Group had successfully acquired CFN companies which had established presence in the European market. The Group had no plan to explore other markets except the PRC due to the sluggishness in global Internet markets.
Continue to review and implement marketing plan for new markets and new services.	From the first quarter of the financial year ended 30th September 2002, the Group had introduced flexible payment policy, such as instalment payment plan to boost sales.
Target markets include South Korea, Malaysia, Japan, India and Indonesia.	Due to the sluggish global economy, management adopted a more cautious approach for expansion to these overseas markets, which were either delayed or temporarily suspended and will not resume until the market conditions in these countries improve.

2. Strategic Alliance

Continue negotiations for strategic alliances for the markets, namely South Korea, Malaysia, Japan, India and Indonesia.	Due to the sluggish global economy, management adopted a more cautious approach for expansion to these overseas markets, which were either delayed or temporarily suspended and will not resume until the market conditions in these countries improve.
Continue evaluation and strengthening of existing strategic relationship.	The Group had invested HK$2 million in April 2002 in Top Growth Assets Limited, which together with an independent third party investor established a group of companies that specialized in the provision of consultancy services, in particular business and strategic planning, to clients including high technology companies and companies providing trading systems related services, in the Greater China Region. This helped to promote the Group's online trading and related systems to and explore other related business opportunities with the financial institutions and other intermediaries in the PRC. The Group had formed strategic alliances with certain world-famous hardware suppliers with a view to offer hardware solutions services to the existing and potential clients complementing the Group's front office and back office software products.
Continue to seek synergistic acquisition and merger opportunities to further extend services/markets.	The Company had entered into a sale and purchase agreement with CEF Brokerage Holdings Limited and CEF Holdings Limited on 28th September 2002 under which the Company had agreed to acquire from them the entire issued share capital of three of their respective subsidiaries, namely CEF Brokerage Limited, CEF Futures Limited and CEF

	Capital Limited, which will diversify and expand the Group's original business of provision of online financial trading systems and services to securities brokering, commodity trading and corporate finance services. The transaction was completed on 18th December 2002.

3. ASP Services

Extend ASP services to other financial products such as bonds, mutual funds, derivatives and forex.	The Group had successfully launched futures and options systems ASP services and sales business in April 2002 and will continue to evaluate market needs and launch services for other financial products as well.
Extend ASP services to other financial markets such as OTC, second board.	The slowdown of global economy had great impact in the Group's original ASP business plan. Anticipating the decline in transaction volume, the Group had changed its focus from the business model of ASP services to one-off sale or license of trading and back office systems, which had successfully boosted the revenue stream. The original plan to extend the ASP services to other financial markets was temporarily suspended and will not resume until the market condition improves.
Continue to enhance other service bureau functionalities.	The Group had enhanced the service bureau functionalities by providing additional services such as network consulting and set-up services to existing and potential clients.

4. Access Devices

Continue development of other access channels to enhance service offering.	The Group had temporarily delayed the development of new access channels due to the unexpected slow growth in Internet trading of the capital market in Hong Kong and will not resume until the market conditions improve.

5. **Content Development**

Develop contents in other local languages, for example – Simplified Chinese – Thai – Malaysian – Korean	In order to streamline the products range, the Group had strengthened the partnership with other financial content provider for maintaining and continuing the financial content services to existing and potential clients. Simplified Chinese version had been developed and launched to several customers. Other languages will be developed in due course upon review of market needs.
Continue to explore market needs and develop contents to enhance value added services.	The Group had temporarily suspended its self-development of financial content at the moment but rather, in a relatively more cost efficient manner, forming strategic alliance with other financial content providers for maintaining and continuing the financial content services to existing and potential clients.

6. **Research and Development**

Continue research and development for new projects.	The Group had dedicated resources in research and development for developing new products and improving existing products so as to extend the client base and strengthen the revenue sources. One of the good example was the launching of the Group self-developed Futures and Options systems in April 2002.
Enhance knowledge management system.	The Group had implemented processes, including the setup of an intranet network amongst the staff of the Group, to improve the quality of management information and sharing of information amongst staff.

USE OF PROCEEDS

The net proceeds raised from the Company's public listing on 9th April 2001 (the "IPO proceeds") were approximately HK$51.3 million, out of which the respective sums of approximately HK$3 million and HK$1 million were originally assigned for use in the Group's infrastructure development in overseas markets and research and development, respectively for the period from 1st October 2001 to 31st March 2002. According to the estimation as disclosed in the Prospectus of the Company, the IPO proceeds raised would not be sufficient to finance the business plan of the Company in full and it was assumed in the Prospectus that commencing from 1st April 2002 and thereafter, the Group might have the need to use internally generated funds from operations and/or through other fund raising exercises, including bank borrowings, issuance of debt securities and equity financing to raise additional funds to implement the remaining business plan and to finance the expansion and further development of its existing business or the acquisition set out in the business plan.

For the year ended 30th September 2002, certain parts of the business plan did not proceed as planned due to the worldwide economy downturn, particularly for the sectors relating to Internet services and financial markets in other Pan-Asian countries. The Directors had constantly evaluated and monitored the market conditions and believed that the lackluster conditions in the Internet industry will continue. Indeed, out of the aggregate approximately HK$4 million originally assigned for infrastructure development and research and development for the period from 1st October 2001 to 31st March 2002, only the respective sums of approximately HK$1 million and HK$0.6 million were used for the infrastructure development and research and development respectively for the year ended 30th September 2002. In view of this, the Directors considered that the continuation of the temporary suspension of the technology business development and expansion plan to the overseas markets unless and until the relevant market conditions improve, is in the best interests of the Group and its shareholders. In order to maximize operating efficiency, the Directors had resolved to reallocate the balance of the original funding of approximately HK$7 million that was designated for such suspended businesses to finance other new business objectives of the Group for the period from 1st October 2002 to 30th September 2003.

As stated in the Circular of the Company dated 16th November 2002 in relation to the acquisition of CEF Companies, approximately HK$6 million, which was originally designated for infrastructure development, and approximately HK$1 million, which was originally designated for research and development, represented part of the remaining IPO proceeds had been reallocated to finance part of the consideration for the acquisition of CEF Companies. The Directors believe that the businesses brought in by CEF companies as a result of the acquisition will bring business synergy to the Group which is significant for its future growth. In light of this, the Directors consider that the reallocation as described above is in the interests of the Group and its shareholders as a whole.

Details of the application of the IPO proceeds and the reallocation of the unused balance thereof are as follows:

For the period commencing from the Company's public listing on 9th April 2001 up to 30th September 2002

	Per Prospectus HK$ million	Actual amount used as at 30th September 2002 HK$ million	Unused balance as at 30th September 2002 HK$ million	Reallocation of the unused balance as at 30th September 2002 HK$ million	Balance to be used as at 30th September 2002 HK$ million
Enhance infrastructure development	12	(6)	6	(6)	–
Research and development to expand capacity to deliver services	9	(6)	3	(1)	2
Explore synergistic acquisition and investment opportunities	14	(17)	(3)	7	4
General working capital	16	(16)	–	–	–
Total	51	(45)	6	–	6

Apart from the IPO proceeds, the Company had raised an additional fund of approximately HK$10.4 million after expenses through a placing of 106,200,000 new ordinary shares of HK$0.1 each at par, which was completed on 2nd August 2002. Such additional net proceeds from the placing was originally intended to be used as (i) approximately HK$3.1 million for settlement of accounts payable; and (ii) the balance of approximately HK$7.3 million as general working capital for the Group. As stated in the Circular of the Company dated 16th November 2002, the portion of the said approximately HK$7.3 million, which was originally designated for the general working capital had also been reallocated to finance part of the consideration for the acquisition of CEF Companies.

PRODUCT OVERVIEW

During the year ended 30th September 2002, the Group had strived to act as a one-stop solutions provider for brokers and other financial institutions principally in Hong Kong, offering a wide range of products and services that covers all sorts of financial instruments from foreign exchange to insurance. The Group's products are mainly composed of comprehensive front and back office solutions aimed at streamlining the operations of brokerages and financial institutions, allowing them to maximize efficiency and minimize costs. These include real-time Internet trading platforms that support trading in stocks, futures, and options; pre-trade market data and analysis; and straight through processing of orders. To complement such front office solutions, the Group also offers back office systems that automate credit control, trade clearing, and settlement. Combining expertise knowledge and state-of-the-art systems supply, the Group allows its clients to obtain professional consulting services and fulfils all their equipment needs at the same time.

IBSS – IASIA BROKER SUPPLIED SYSTEM

IBSS is a full-fledged front-office securities trading system for brokerages and financial institutions. With a fast trade transfer rate to AMS/3, dealers and account executives enjoy the ease and efficiency in placing orders and performing more functions with a few simple mouse clicks. It provides global market connectivity, electronic order entry, order and trade management, price quote data, portfolio management, credit and risk management, programmed trading and routing of orders. IBSS has been developed and matured using assured technology that facilitates the trading operation in a flexible, reliable and high-speed manner to meet the exacting demands of today's trading environment. An Internet module extends the rich functionality to investors using the Web and other multi-media, bringing them a trading experience including order and portfolio management, real-time feeds, charting tools and account management. Service continuity is assured by high availability clustering architecture and disaster recovery configurations. Furthermore, IBSS employs carefully engineered workflow to ensure secured access rights, risk management and reporting controls. Features include real-time balance checking, margin call list with full correspondence details, margin limit lifting upon approval for incoming requests via subordinated AE or orders arriving from the Internet, and setting limitations to short selling. IBSS is also designed to integrate with the third party suppliers' back-office systems or ITAS (the Group's back-office solution), thus providing a truly comprehensive solution for brokers.

ITAS – IASIA TRADING AND ACCOUNT SYSTEM

ITAS is a real-time platform that automates the trade processing lifecycle from trade capture and execution through to confirmation and reporting to the clearing agency. It is a comprehensive back-office solution that offers real-time transaction processing, clearing, settlement, custody, reconciliation, and depository links for global markets, providing functional support for principal and agency business, collateral management, investment banking, and treasury. ITAS supports a wide range of financial instruments, including international equities, warrants, bonds, and unit trusts. All master files and transaction details are easily accessed through a single database, and its comprehensive reporting tools enable operating staff to view total portfolio value and margin status at a glance. Its modular architecture, with different modules (securities, futures, options, margin foreign exchange and asset management) running on top of the core module, offers a true multi-companies, multi-products, multi-exchanges and multi-currencies back office system. ITAS also integrates seamlessly with the Group's front end trading platforms such as IBSS and IFATS to streamline trading operations and provide critical information for real-time credit and risk management.

IFATS – IASIA FUTURES AUTOMATED TRADING SYSTEM

IFATS is a comprehensive trading system for futures and options products, built with functionality, risk management, and reporting operations in mind. The trading platform interfaces to HKEx OAPI system and manages trades entered and executed on this front-end system. All trade details are passed onto an integrated back-office system and are updated in the client portfolio database immediately. Margin revaluation is maintained for all clients using a built-in sophisticated Black-Scholes model to calculate intra-day margin requirements so that the broker house can closely monitor the margin status of all clients. An Internet based trading terminal allows investors to connect and trade directly via Internet. IFATS' flexible configuration is a low cost solution for expansion and integrating operations between broker sub-branches. In addition, IFATS integrates seamlessly with ITAS or the other third party suppliers' back-office systems, allowing all credit control, risk management, and margin actions to be performed in real-time.

This product and the relevant services were launched in April 2002.

IFOREX – IASIA FOREIGN EXCHANGE MARGIN TRADING SYSTEM

IFOREX is a modular and highly integrated Foreign Exchange Margin Trading System. The core of the system is a portfolio management module that handles all data management, reporting, risk analysis, and client statements. It also has a complete front-end trading platform for order placement, deal execution and portfolio enquiry in foreign exchange products. Real-time quotes are fed from Reuters and Telerate, allowing investors to view up to date information. All operations are performed in real-time, including trade capture, client portfolio update, and risk analysis. Such an approach means that in managing risk, all transactions up to the second are taken into account.

This product and the relevant services were launched in October 2002.

IMF – IASIA MUTUAL FUND SETTLEMENT SYSTEM

IMF is an all-inclusive settlement system that eases and makes back-office operations more efficient for processing mutual fund activities. The platform is built similarly to the ITAS back-office modules, handling orders and execution through to reporting. An array of reporting functions is available at the user's fingertips. In addition, IMF also features nominee client handling, multiple companies, multiple currencies, saving plan functions, and corporate actions. Real-time portfolio management allows users to monitor and manage their accounts effectively.

IIBS – IASIA INSURANCE BROKING SYSTEM

The Group's Insurance Broking System is designed to provide full functionality for Insurance Brokers & Agents, and Re-insurance Brokers. The system supports quotes, cover notes, insurance alerts, risk control and management reporting features for direct and redirect insurance. Its claims management system produces registers and reports, and logs a claims history for review purposes. Comprehensive accounting functions include forecasting, debit and credit notes, receipts, and a third party interface gateway. Our insurance broking system is highly flexible and can operate in various classes of insurance, such as home, business interruption, and group life. Furthermore, it supports multiple languages, currencies, user levels, and offices, and its range of reporting functions can deliver various documents from quotations to credit advice to policy schedules.

HARDWARE SOLUTIONS

In addition to the software applications, the Group had formed strategic alliances with certain world-famous hardware suppliers to offer hardware solutions services that complement the Group's front office and back office software products. Below is a list of the various products and services that the alliances offer:

Product Offering

eServer iSeries & AS/400 server
eServer pSeries & RS/6000 server
eServer xSeries server
WebSphere

Service Offering

Setup and implementation of eServer iSeries
Setup and implementation of eServer pSeries
Setup and implementation of HACMP for eServer pSeries
24 x7 support service for iSeries and pSeries
Implementation service of CISCO networking solution
Implementation service of WebSphere

CONSULTANCY

Besides our technical products, the Group also provides professional consultancy services in Infrastructure and Security. This includes design, installation, and management of LAN and WAN networks; Internet portals, web authoring and design, email, and core infrastructure; and firewalls, IDS, anti-virus, and forensics for system security. Our expertise also supports consulting in operational integrity, such as configuration, resilience, production, and disaster recovery of servers; uniform configuration, license management, application matrix, and hardware procurement.

The Directors are pleased to present their report together with the audited accounts of iAsia Technology Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 30th September 2002.

CHANGE OF NAME

Pursuant to a special resolution passed at an extraordinary general meeting held on 10th December 2002 (the "EGM"), subject to the acquisition of CEF companies and the approval from the Registrar of Companies in Hong Kong, the English name of the Company will be changed from "iAsia Technology Limited" to "Value Convergence Holdings Limited" and the Chinese name of the Company will be changed from " 亞洲網上交易科技有限公司 " to " 滙盈控股有限公司 " with effect from the date of issue of the relevant certificate of incorporation on change of name. A further announcement regarding the effective date of the change of names will be made when the change of names of the Company is effected.

PRINCIPAL ACTIVITIES

During the year ended 30th September 2002, the Group was principally engaged in the provision of comprehensive online trading and related systems to licensed financial institutions and intermediaries principally in Asia, and investment holding. After the acquisition of CEF companies, the Group's business will be diversified and expanded to securities brokering, commodity trading and corporate finance services. The principal activities of the Company was investment holding and the respective principal activities of each of the principal subsidiaries of the Company are set out in note 13 to the accounts.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 3 to the accounts.

RESULTS

The results of the Group for the year are set out in the consolidated profit and loss account on page 45.

RESERVES

Movements in reserves of the Group and the Company are set out in note 18 to the accounts.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past three years/period is set out on page 84.

FIXED ASSETS

Details of the movements in fixed assets of the Group and the Company are set out in note 11 to the accounts.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 17 to the accounts.

DISTRIBUTABLE RESERVES

As at 30th September 2002, the Company had no distributable reserve calculated under section 79B of the Hong Kong Companies Ordinance (2001: HK$Nil).

RETIREMENT BENEFITS SCHEMES

Details of the Group's retirement benefits schemes are set out in note 9 to the accounts.

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

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

DIRECTORS

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

Executive Directors

Dr. HO Hung Sun, Stanley
Mr. HO Yau Lung, Lawrence
Dr. LEE Jun Sing
Mr. KO Chun Fung, Henry
Mr. FUNG Wing Cheung, Tony (Resigned on 29th January 2002)
Mr. YUEN Tien Yau, Gordon (Resigned on 26th July 2002)

Non-executive Directors

Mr. CHENG Kar Shing, Peter (Role changed from Executive director to Non-executive director on 5th November 2002)
Mr. FUNG Hoo Wing, Thomas
Ms. LEONG On Kei, Angela

Independent non-executive Directors

Mr. TSUI Yiu Wa, Alec
Attorney PATAJO-KAPUNAN, Lorna

In accordance with Article 101 of the Company's Articles of Association, all the Directors, except the chairman of the Board and the vice-chairman of the Board, shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The non-executive directors are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association.

DIRECTORS' SERVICE CONTRACTS

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

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

– the monthly salary for Mr. Ko Chun Fung, Henry for the period from 1st April 2001 to 30th September 2002 was HK$90,000. The original monthly salary of Mr. Ho Yau Lung, Lawrence was HK$50,000 throughout the period from 1st April 2001 to 30th September 2001 and subject to a review by the Board of Directors on 1st October 2001, the monthly salary of Mr. Ho had been increased to HK$85,000. However in support of the cost saving measures taken by the Company, Mr. Ho voluntarily proposed to the Board to reduce his monthly salary back to HK$50,000 with effect from 1st February 2002. Under the respective terms of the services agreements of the said Directors, the monthly salary of each of them shall be reviewed annually by the Board of Directors provided that the rate of increment shall not be more than 70% of the then monthly salary of such Director for the preceding period;

– each of Mr. Ko Chun Fung, Henry and Mr. Ho Yau Lung, Lawrence is entitled to such management bonus by reference to the operating results of the Group and the performance of the Director as the Board of Directors may approve;

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

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

Save as disclosed above, as at 30th September 2002, none of the Directors of the Group has entered into any service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS

There were no transactions which need to be disclosed as connected transactions in accordance with the requirements of the GEM Listing Rules.

Other than as disclosed in note 19 to the accounts, no contracts of significance in relation to the Group's business to which the Group was a party and in which a Director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND OPTIONS

(i) Shares

As at 30th September 2002, the interests of the Directors and the chief executives of the Company in the share capital of the Company (the "Shares") or any of its associated corporations (within the meaning of the Hong Kong Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")) which were notified to the Company and the Stock Exchange pursuant to Section 28 of the SDI Ordinance (including interests which they have 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 referred to therein, or which were required, pursuant to Rules 5.40 to 5.59 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

		Number of Shares held				
Name of Directors	*Note*	Personal	Family	Corporate	Other	Shareholding percentage
Dr. Ho Hung Sun, Stanley	*(1)*	–	–	73,846,513	–	10.85%
Dr. Lee Jun Sing	*(2)*	–	–	62,997,029	–	9.26%
Mr. Cheng Kar Shing, Peter	*(3)*	–	–	52,809,819	–	7.76%
Mr. Fung Hoo Wing, Thomas	*(4)*	–	–	52,809,819	–	7.76%
Mr. Ko Chun Fung, Henry	*(5)*	–	–	42,370,251	–	6.23%
Mr. Ho Yau Lung, Lawrence	*(6)*	–	–	42,326,273	–	6.22%

Notes:

1. Dr. Ho Hung Sun, Stanley will be taken to be interested in 73,846,513 Shares as a result of him being beneficially interested in 65% of the issued share capital of Bailey Development Limited which in turn holds approximately 10.85% of the issued share capital of the Company.

2. Dr. Lee Jun Sing will be taken to be interested in 62,997,029 Shares as a result of him being beneficially interested in the entire issued share capital of Best Summit International Limited which in turn holds approximately 9.26% of the issued share capital of the Company.

3. Mr. Cheng Kar Shing, Peter will be taken to be interested in 52,809,819 Shares as a result of him being beneficially interested in the entire issued share capital of Potassium Corp. which in turn is beneficially interested in 50% of the issued share capital of Newtop Limited which in turn holds approximately 7.76% of the issued share capital of the Company. The 52,809,819 Shares represent the same interest held by Newtop Limited and are therefore duplicated between Mr. Fung Hoo Wing, Thomas and Mr. Cheng Kar Shing, Peter.

4. Mr. Fung Hoo Wing, Thomas will be taken to be interested in 52,809,819 Shares as a result of him being beneficially interested in $33^{1}/_{3}$% of the issued share capital of Kateman International Ltd. which in turn is beneficially interested in 50% of the issued share capital of Newtop Limited which in turn holds approximately 7.76% of the issued share capital of the Company.

5. Mr. Ko Chun Fung, Henry will be taken to be interested in 42,370,251 Shares as a result of him being beneficially interested in 51% of the issued share capital of Capital Speed Limited which in turn holds approximately 6.23% of the issued share capital of the Company.

6. Mr. Ho Yau Lung, Lawrence will be taken to be interested in 42,326,273 Shares as a result of him being beneficially interested in the entire issued share capital of Golden Mate Co., Ltd. which in turn holds approximately 6.22% of the issued share capital of the Company.

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

Pursuant to the Pre-IPO Share Option Plan and the New Share Option Scheme as respectively described in the section headed "Details of Outstanding Share Options Granted" below, as at 30th September 2002, the Directors of the Group had share options granted by the Company to subscribe Shares in the Company as follows:

Name of Director	Date of grant	Exercise price HK$	Number of underlying Shares comprised in the options outstanding as at 30th September 2002	Expiry date
Dr. Ho Hung Sun, Stanley	6th April 2001	0.49	2,100,000	8th October 2005
Dr. Lee Jun Sing	6th April 2001	0.49	8,961,458	8th October 2005
	9th July 2002 *(Note 1)*	0.10	4,910,571	8th July 2012
Mr. Ko Chun Fung, Henry	6th April 2001	0.49	8,961,458	8th October 2005
	9th July 2002 *(Note 1)*	0.10	4,910,571	8th July 2012
Mr. Ho Yau Lung, Lawrence	6th April 2001	0.49	2,100,000	8th October 2005
	9th July 2002 *(Note 1)*	0.10	4,910,571	8th July 2012
Mr. Cheng Kar Shing, Peter	6th April 2001	0.49	2,100,000	8th October 2005
Mr. Yuen Tien Yau, Gordon *(Note 2)*	6th April 2001	0.49	2,822,916	8th October 2005
	9th July 2002 *(Note 1)*	0.10	2,455,286	8th July 2012

Notes:

1. The granting of options on 9th July 2002 pursuant to the New Share Option Scheme was reviewed and approved by the independent non-executive Directors of the Company.

2. Mr. Yuen Tien Yau, Gordon has resigned as an executive Director of the Company effective from 26th July 2002. Notwithstanding his resignation, Mr. Yuen is a director of a subsidiary of the Company.

The options are exercisable in accordance with the terms of the Pre-IPO Share Option Plan and the New Share Option Scheme at any time during the following periods and in the following manners:

Exercisable period	**Percentage of underlying Shares comprised in the options which become exercisable**
For options granted on 6th April 2001 pursuant to the Pre-IPO Share Option Plan:	
Commencing from the business day immediately following the first six months of the commencement of the trading of the Shares on GEM	Up to 50%
Commencing from the business day immediately following the first anniversary of the commencement of the trading of the Shares on GEM and ending approximately 4.5 years after the date of grant	All Shares in respect of which the option has not been previously exercised
For options granted on 9th July 2002 pursuant to the New Share Option Scheme:	
Commencing from the date of grant up to the date falling six months thereafter	Up to 50%
Commencing during the period immediately after the expiry of first six months from the date of grant and ending 10 years after the date of grant	All Shares in respect of which the option has not been previously exercised

Other than as disclosed above, during the year, neither the Company nor any of its subsidiaries a party to any arrangements to enable the Directors of the Group to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors of the Group nor the chief executives, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

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

SUBSTANTIAL SHAREHOLDERS

As at 30th September 2002, so far as the Directors were aware, the register of substantial shareholders maintained by the Group pursuant to section 16(1) of the SDI Ordinance disclosed the following companies and persons, other than a Director or a chief executive of the Company, as having an interest of 10% or more of the issued share capital of the Company are as follow:

Name	Number of Shares held	Shareholding percentage
Bailey Development Limited	73,846,513	10.85%

DETAILS OF OUTSTANDING SHARE OPTIONS GRANTED

(i) Pre-IPO share option plan

The Pre-IPO share option plan was adopted by the Company on 14th March 2001 ("Pre-IPO Share Option Plan") to recognise and motivate the contribution of executive management and to provide certain directors and employees of the Company with a direct economic interest in attaining the long-term business objectives of the Company, which will expire on 8th October 2005. Under the Pre-IPO share option plan, the board of Directors may, at its discretion, invite employees and Directors of the Group to take up options at HK$1.00 per option to subscribe for shares of the Company. As at 30th September 2002, options comprising an aggregate of 29,306,249 underlying Shares granted on 6th April 2001 ("Pre-IPO Share Options") at an exercise price of HK$0.49 per Share were outstanding, which represents approximately 4.3% of the shares of the Company in issue as at 30th September 2002. The exercise price represents a discount of 30% of the IPO offer price. The Pre-IPO Share Options have duration of approximately 4.5 years from the date of grant. According to the Pre-IPO Share Option Plan, any Pre-IPO Share Option granted shall lapse upon the expiration of 3 months after the relevant grantee ceases to be employed by the Group. The following are details of the outstanding Pre-IPO Share Options:

Categories of grantees	Total no. of grantees	No. of underlying Shares comprised in the Pre-IPO Share Options	Exercise price per Share HK$	Pre-IPO Share Options duration
Directors of the Group	6	27,045,832	0.49	6th April 2001 to 8th October 2005
Employees	3	2,260,417	0.49	6th April 2001 to 8th October 2005
Total		29,306,249		

Details of the grant of Pre-IPO Share Options to the Directors of the Group are disclosed in the section headed "Directors' rights to acquire shares in the Company" above.

Since 18 December 2001, being the date of issue of the Company's annual report 2001 ("Annual Report") and up to 30th September 2002, certain Pre-IPO Share Options comprising a total of 2,100,000 and 12,810,417 underlying shares respectively granted to one director and four employees lapsed as the relevant director/employees failed to exercise the same within 3 months after the relevant director/employees ceased to be the director/employees of the Group. Since the date of the grant of the Pre-IPO Share Options up to 30th September 2002, none of the Pre-IPO Share Options was exercised.

A summary of the major terms of the Pre-IPO Share Option Plan is set out at pages 184-186 of the Company's Prospectus dated 23rd March 2001.

(ii) New share option scheme

The new share option scheme ("New Share Option Scheme") was adopted by the Company on 29th November 2001 (which supersedes the previous share option scheme of the Company adopted on 14th March 2001). The purpose of the New Share Option Scheme is established as an incentive to recognise and acknowledge the contributions that had or may have made by the participants to the Group and also provide them an opportunity to have a personal stake in the Company with a view to motivating them to optimise their performance and efficiency for the benefit of the Group and to attract and retain or otherwise maintain ongoing business relationship with them whose contributions are or with the beneficial to the long-term growth of the Group. The Directors may at their discretion grant options to the employees or Directors of the Group or such other persons who are eligible for participation in the scheme to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated in the New Share Option Scheme at HK$1.00 per option payable by each participant to the Company on acceptance of the offer of an option.

The total number of shares that may be issued pursuant to the exercise of all outstanding options granted under the New Share Option Scheme and any other schemes including the Pre-IPO Share Plan is not permitted to exceed 30% of the issued share capital of the Company from time to time. Subject to the above rule, the total number of shares in respect of which options may be granted under the New Share Option Scheme and any other schemes must not in aggregate, exceed 10% of the issued share capital of the Company from time to time unless further shareholders' approval has been obtained. According to the terms of the New Share Option Scheme, options granted to connected person, who is also a substantial shareholder or independent non-executive director of the Company, in excess of 0.1% of the issued shares of the Company or with a value in excess of HK$5 million in the twelve month period up to the date of the grant must be approved by the Company's shareholders in general meetings. Also pursuant to the New Share Option Scheme, no option may be granted to any one person within any twelve month period if the underlying shares of such option exceed 1% of the issued share capital of the Company from time to time unless otherwise approved by the Company's shareholders in general meetings.

As at 30th September 2002, options comprising an aggregate of 49,105,714 underlying Shares granted on 9th July 2002 ("New Share Options") pursuant to the New Share Option Scheme at an exercise price of HK$0.1 per Share were outstanding, which represents approximately 7.2% of the shares of the Company in issue as at 30th September 2002. The closing price of the Company's shares immediately before 9th July 2002 was HK$0.088. The New Share Options have duration of 10 years from the date of grant. According to the New Share Option Scheme, any New Share Option granted shall lapse upon the expiration of 3 months after the relevant grantee ceases to be employed (if applicable) by the Group. The following are details of the outstanding New Share Options:

Categories of grantees	Total no. of grantees	No. of underlying Shares comprised in the New Share Options	Exercise price per Share HK$	New Share Options duration
Directors of the Group	4	17,186,999	0.1	9th July 2002 to 8th July 2012
Employees	35	22,588,631	0.1	9th July 2002 to 8th July 2012
Other eligible persons	5	9,330,084	0.1	9th July 2002 to 8th July 2012
Total		49,105,714		

Details of the grant of New Share Options to the Directors of the Group are disclosed in the section headed "Directors' rights to acquire shares in the Company" above. Since the date of the grant of the New Share Options up to 30th September 2002, none of the New Share Options were exercised, cancelled or lapsed.

A summary of the major terms of the New Share Option Scheme is set out at pages 76-85 of the circular of the Company dated 12th November 2001.

The exercise price for New Share Option will be a price determined by the Board and notified to each grantee and will be the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of offer of the New Share Option, which must be a trading day and (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer of the New Share Option; and (iii) the nominal value of a Share.

The Directors consider that it is not appropriate to state the value of all the share options that were granted during the year ended 30th September 2002 under the new share option scheme given that the variables which are critical for the calculation of the value of such share options cannot be determined. The variables which are critical for the determination of the value of such share options include, the subscription price for the shares upon the exercise of the subscription rights attaching to the share options which may be adjusted under certain circumstances and whether or not such share options will be exercised by the grantees. In view of the length of the option period and the possibility that the subscription price and the number of shares that may be subscribed thereunder may be adjusted prior to the exercise of the subscription rights attaching to such share options, the Directors are of the view that the value of the share options depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical basis and speculative assumptions. Accordingly, the Directors believe that any calculation of the value of the share options will not be meaningful and may be misleading to shareholders in the circumstances.

MANAGEMENT CONTRACTS

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

MAJOR SUPPLIERS AND CUSTOMERS

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

Purchases

–	the largest supplier	–	60%
–	five largest suppliers combined	–	91%

Sales

–	the largest customer	–	15%
–	five largest customers combined	–	48%

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

CORPORATE GOVERNANCE

The Company has complied throughout the year with the board practices and procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules.

POST BALANCE SHEET EVENTS

Details of the post balance sheet events are set out in note 24 to the accounts.

AUDIT COMMITTEE

The Company's audit committee was formed on 14th March 2001 comprising the independent non-executive Directors of the Company, Attorney Lorna Patajo-Kapunan and Mr. Tsui Yiu Wa, Alec. The terms of reference of the audit committee have been established with regard to Rules 5.23 and 5.24 of the GEM Listing Rules. The primary duties of the audit committee are to (i) review the Group's annual reports, financial statements, interim reports and quarterly reports and to provide advice and comments thereon to the Board; and (ii) review and supervise the financial reporting process and internal control procedures of the Group.

During the year, the audit committee met several times to review the Company's circulars, reports and accounts, and provided advice and recommendations to the Board.

COMPETING INTERESTS

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

SPONSOR'S INTERESTS IN THE GROUP

First Shanghai Capital Limited and the Company have entered into a sponsor's agreement, pursuant to which, First Shanghai Capital Limited will receive a fee for acting as a sponsor under Rules 6.50 to 6.58 of the GEM Listing Rules for a period up to 30th September 2003 subject to terms and conditions agreed between the parties thereto.

Pursuant to a non-binding memorandum of understanding dated 4th July 2000 ("Memorandum") entered into between the Company and First eFinance Limited ("First eFinance"), a fellow subsidiary of First Shanghai Capital Limited, First eFinance has agreed to subscribe to the online financial trading services of the Company.

In addition, pursuant to a software license agreement and a maintenance service agreement both dated 23rd November 2001 (collectively "Agreements") respectively entered into between iAsia Online Systems Limited, the Company's wholly-owned subsidiary, and First eFinance, iAsia Online Systems Limited has agreed to grant to First eFinance a non-exclusive license to use its software for supporting securities trading and to provide First eFinance with the maintenance services of the software.

During the year ended 30th September 2002, the Group had charged First eFinance approximately HK$278,000 (2001: HK$278,000) being the charges for the relevant services performed under the Memorandum and approximately HK$644,000 (2001: HK$Nil) being the payment of the license fee and the maintenance fee under the Agreements.

As at 30th September 2002, neither First Shanghai Capital Limited nor its directors or employees or associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interests in the securities of the Company, including options or rights to subscribe for such securities.

AUDITORS

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

On behalf of the Board

Lawrence Ho
Executive Director

18th December 2002

EXECUTIVE DIRECTORS

Dr. HO Hung Sun, Stanley, aged 81, joined the Group in February 2000. Dr. Ho is an outstanding entrepreneur in Asia with various key positions in both Hong Kong and Macau. In Hong Kong, he holds the positions of Group Executive Chairman of Shun Tak Holdings Limited and Chairman of Melco International Development Limited and President of The Real Estate Developers Association of Hong Kong. In Macau, he is Managing Director of Sociedade de Turismo e Diversoes de Macau, S.A.R.L. and Sociedade de Jogos de Macau, S.A., Vice-Chairman of CAM - Macau International Airport Company Limited, Chairman of Seng Heng Bank Limited, and Chairman of Macau Jockey Club.

Mr. HO Yau Lung, Lawrence, aged 25, joined the Group in October 2000. Mr. Lawrence Ho is the son of Dr. Stanley Ho, the founder of the Shun Tak Group and Sociedade de Turismo e Diversoes de Macau, S.A.R.L.. Mr. Ho was appointed as President and Vice Chairman of the Group with effect from August 2002. Within six months of joining the Group, he spearheaded the public listing of the Company on the GEM board of the Stock Exchange and was instrumental in its subsequent mergers and acquisitions. In addition, Mr. Ho was appointed as Managing Director of Melco International Development Limited ("Melco") in November 2001, after he made and completed a General Offer for shares of the company on the main board of the Stock Exchange. Mr. Ho is responsible for and overseeing the overall strategic development, management and operations of the Group and Melco. Mr. Ho is also a Vice-Chairman of The Chamber of Hong Kong Listed Companies Limited and Director of Guangzhou Luhu Golf & Country Club. Prior to joining the Group and Melco, Mr. Ho worked at Jardine Fleming in the Asian derivative group, where he was responsible for marketing and structuring of Asian derivative products. Prior to that, he worked in the credit risk management department of the Citibank N.A. He graduated from the University of Toronto, Canada with a Bachelor of Arts degree, majoring in Commerce.

Dr. LEE Jun Sing, aged 56, joined the Group in January 2000 and is the co-founder with Mr. Ko Chun Fung, Henry. Dr. Lee graduated with a Doctor of Philosophy in Physical Chemistry from Indiana University, the United States, and did his postdoctoral research at John Hopkins University, the United States. Dr. Lee is also a director of numerous companies including Globalwide Shipping Limited, Guangzhou Luhu Golf & Country Club, isinolaw Limited, Southchina International Enterprise Limited, Bio-Cancer Treatment International Limited, Overseas (Far East) Limited, Ningbo Yong Feng, Razor Blade Company Limited and Lisco Investment Company Limited and Managing Director of Vast Honour Development Limited.

Mr. KO Chun Fung, Henry (Chief Executive Officer and Compliance Officer), aged 43, joined the Group in December 1999 and is the co-founder with Dr. Lee. Mr. Ko received an Australian Postgraduate Course Award to study a master degree in business Administration at the Australian Graduate School of Management. Being a veteran and pathfinder in the Asian telecom industry, Mr. Ko continues to be a key player in the field today. In 1993, Mr. Ko joined one of the most successful telecom companies in Hong Kong, Star Paging (Taiwan) Limited as a General Manager. He was promoted to be an Executive Director of Star Telecom Group in 1996, and he spearheaded the company's PCS license bidding which had led to a major success of the organization. Mr. Ko was responsible for the re-alignment of the Star Telecom Group, and had successfully forged joint venture agreements with Pacific Electric Wire and Cable, NTTI, ITOCHU, Ucom and Telecom Finland in Asian Pacific region. In 1997, he founded Star Telecom Overseas (Cayman Islands) Limited when he has brought in Baring Communications Equity Asia (BCEA) on board as a shareholder; he continues to pursue telecom and Internet investment opportunities in Asia Pacific.

NON-EXECUTIVE DIRECTORS

Mr. CHENG Kar Shing, Peter, aged 50, joined the Group in October 2000 as an executive director. Mr. Cheng changed his role from executive director to non-executive director with effect from 5th November 2002. Mr. Cheng is a director of New World Development Co. Ltd., New World Services Ltd., New World China Land Limited, NWD (Hotels Investments) Ltd., Macao Water Supply Company Limited and Polytown Company Limited. Mr. Cheng is also an Executive Director of Billybala Holdings Limited, a company listed on the GEM board of the Stock Exchange. Mr. Cheng has over 20 years of experience in property development and investment business.

Mr. FUNG Hoo Wing, Thomas, aged 47, joined the Group in January 2000. Mr. Fung is a prominent businessman holding directorships for various private companies engaging in different industries including gem, interior decoration, real estate, and other finance related businesses. With the knowledge of precious stones gained during his 5 years' apprenticeship. Mr. Fung started to operate his own gem business in his early twenties and became a very successful expert in the gem industry. Subsequently, Mr. Fung diversified his business to include the real estate, interior decoration, as well as finance and commodity related businesses.

Ms. LEONG On Kei, Angela, aged 41, joined the Group in April 2000. Ms. Leong has been actively involved in public and community services in China, Hong Kong and Macau. Starting from 1993, her success from being elected to be a member of the second meeting of the fifth session of the Standing Committee of San Shui City Chinese People's Political Consultative Congress has proven her solid identity in the public and community services in China. Most recently she has been re-elected to be the Chairperson of San Shui Overseas Friendship Association Council. On business, Ms. Leong has a broad involvement with the golf industry, where she is the Deputy Chairman and Executive Director of Jiangmen Wuyi Golf Course & Entertainment Co., Ltd.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. TSUI Yiu Wa, Alec, aged 53, joined the Group in November 2000. He holds a Bachelor of Science degree and a Master of Engineering degree in Industrial Engineering from the University of Tennessee and has completed the program for Senior Managers in Government at the John F. Kennedy School of Government at Harvard University. Mr. Tsui has extensive experience in finance and administration, corporate and strategic planning, information technology and human resources management. Mr. Tsui is currently Chairman of the Hong Kong Securities Institute and Chief Executive of WAG Financial Services Group Limited. He has been the adviser and council member of the Shenzhen Stock Exchange from July 2001 to June 2002. Prior to that, he was the chief executive of iRegent Group Limited, a Hong Kong listed investment company from August 2000 to February 2001. Mr. Tsui joined the Stock Exchange in 1994 as Executive Director of the Finance and Operations Services Division and became the Chief Executive in 1997. Later from March to July 2000, he was the Chief Operating Officer of Hong Kong Exchanges and Clearing Limited. He was responsible for the merger and listing of the Hong Kong Exchanges and Clearing Houses and was special consultant to the demutualization and listing project of Kuala Lumpur Stock Exchange.

Attorney PATAJO-KAPUNAN, Lorna, aged 50, joined the Group in November 2000. Attorney P. Kapunan has been an active law practitioner in the Philippines for many years. She is a graduate from the University of the Philippines, College of Law and also majored in AB Political Science. Attorney P. Kapunan has a number of professional involvements throughout her legal career The most recent ones include President, Intellectual Property Alumni Association (IPAA); Country Group President, Asean Patent Attorneys Association (APAA) and Vice President, Philippines Women Trial Lawyers Association. Attorney P. Kapunan is a senior partner of Roco Kapunan Migallos Perez & Luna Law Offices and her fields of practice include corporate, litigation, intellectual property and family laws.

SENIOR MANAGEMENT

Mr. IP Kam Lun, Andrew (Chief Technical Officer), aged 41, joined the Group in February 2001. He holds an Honours degree in Electronic & Electrical Engineering from the University of Loughborough in England. Mr. Ip has over 20 years experience in information technology, telecommunications and finance industry. Prior to joining iAsia, Mr. Ip worked on a series of software contracts responsible to design and develop financial settlement and risk management systems of FX, securities, Futures, Index Options, Unit Trust and Currency Options. He has a proven track record of system implementation for over 50 banks and financial institutions.

Mr. Ip developed the first on line real time foreign exchange margin trading system running on network for banks and financial institutions to revaluate client portfolio and company position. Mr. Ip gained his management consulting experience while working in Coopers & Lybrand HK and gained strong telecommunications knowledge in Cable & Wireless Systems. Mr. Ip was responsible for implementing layouts and functions about Contact Management System and Front-end System.

Ms. FUNG Wai Har, Amanda (Chief Financial Officer), aged 30, joined the Group in January 2000. Ms. Fung received her Honours Degree in Accountancy from Hong Kong Polytechnic University in 1994 and then gained extensive experience in providing professional financial advices to clients from various industries in Hong Kong and China since her graduation.

Ms. Fung is a member of the Hong Kong Society of Accountants and the Association of Chartered Certified Accountants. Prior to joining the Group, Ms. Fung was working for Deloitte Touche Tohmatsu. She was mainly responsible for supervising and managing the financial and compliance audits for listed & public companies, especially in trading and banking industries. She had extensive experience in reviewing the operation systems, especially the treasury and loans systems, the policies and procedures compliances, and financial information for local financial institutions. Ms. Fung has also gained extensive insight into acquisition transactions, floatation and bonds issues activities in local and overseas markets in the past.

Mr. TURNER, Neil (Director of Infrastructure and Security), aged 48, joined the Group in April 2000. Mr. Turner was educated in the United Kingdom at Sandown Grammar School, on the Isle of Wight, and Nottingham University, where he graduated in 1976. He had extensive experience in dealing with the problems of early commercial use of the Internet and provided solutions for many of them. Mr. Turner's last role before joining the Group involved the design and control of network security to financial standards, to satisfy the exacting demands of a trans-national investment bank. With this practical experience and keen attention to technical detail, he is able to provide the Group with a quality technical infrastructure.

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

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AUDITORS' REPORT TO THE SHAREHOLDERS OF IASIA TECHNOLOGY LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the accounts on pages 45 to 83 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

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

BASIS OF OPINION

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

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

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group as at 30th September 2002 and of the Group's loss and cash flows for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 18th December 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30th September 2002

	Note	2002 HK$'000	2001 HK$'000
Turnover	*2*	10,313	3,634
Other revenues	*2*	846	1,166
Changes in work-in-progress		(72)	(98)
Work performed by the Group and capitalised under fixed assets		–	2,904
Staff costs		(19,350)	(19,659)
Depreciation		(10,125)	(5,039)
Amortisation of goodwill		(2,227)	–
Provision for receivables		(40)	(3,907)
Impairment of fixed assets	*11*	(11,534)	–
Impairment of goodwill	*12*	(46,396)	–
Other operating expenses		(12,162)	(7,297)
Operating loss	*4(a)*	(90,747)	(28,296)
Finance costs	*4(b)*	(1)	(84)
Share of losses of associated companies		(568)	–
Loss for the year		(91,316)	(28,380)
Minority interests		155	–
Loss attributable to shareholders	*6*	(91,161)	(28,380)
Basic loss per share (HK cents)	*8*	(16.0)	(7.9)

CONSOLIDATED BALANCE SHEET

As at 30th September 2002

	Note	2002 HK$'000	2001 HK$'000
Fixed assets	11	13,232	15,729
Non-trading securities			
– unlisted at fair value		2,000	–
Goodwill	12	–	–
Current assets			
Inventories	16	916	253
Trade receivables, prepayments, deposits and other receivables	14	14,840	6,829
Amount due from an investee company	19	4	–
Bank balances and cash		30,219	37,926
		45,979	45,008
Current liabilities			
Trade payables, accruals and other payables	15	3,994	6,190
		3,994	6,190
Net current assets		41,985	38,818
Total assets less current liabilities		57,217	54,547
Financed by:			
Share capital	17	68,044	45,000
Reserves	18	(10,897)	9,547
Shareholders' funds		57,147	54,547
Minority interests		70	–
		57,217	54,547

Ho Yau Lung, Lawrence
Director

Ko Chun Fung, Henry
Director

As at 30th September 2002

	Note	2002 HK$'000	2001 HK$'000
Investments in subsidiaries	*13*	61,625	21,525
Current assets			
Trade receivables, prepayments, deposits and other receivables	*14*	11,550	5,880
Bank balances and cash		14,409	37,197
		25,959	43,077
Current liabilities			
Trade payables, accruals and other payables	*15*	1,649	5,037
		1,649	5,037
Net current assets		24,310	38,040
Total assets less current liabilities		85,935	59,565
Financed by:			
Share capital	*17*	68,044	45,000
Reserves	*18*	17,891	14,565
Shareholders' funds		85,935	59,565

Ho Yau Lung, Lawrence
Director

Ko Chun Fung, Henry
Director

CASH FLOW STATEMENT

For the year ended 30th September 2002

	Note	2002 HK$'000	2001 HK$'000
Net cash outflow from operating activities	*21(a)*	(22,379)	(20,845)
Investing activities			
Purchase of subsidiaries, net of cash and cash equivalents acquired	*21(d)*	19,965	(4,000)
Expenses paid in connection with acquisition of subsidiaries		(3,585)	(1,137)
Deposits for acquisition of subsidiaries		(10,500)	–
Interest received		849	1,098
Purchase of fixed assets		(2,071)	(11,276)
Sale of fixed assets		259	–
Decrease in pledged bank deposit		–	700
Purchase of non-trading securities		(2,000)	–
Net cash inflow/(outflow) from investing activities		2,917	(14,615)
Financing activities	*21(b)*		
Contribution from minority shareholders		225	–
Net proceeds from issue of shares		10,412	73,669
Payments of capital element of finance leases		–	(826)
Interest element of finance leases		–	(84)
Net cash inflow from financing		10,637	72,759
(Decrease)/increase in cash and cash equivalents		(8,825)	37,299
Cash and cash equivalents at the beginning of year		37,926	627
Effect of change in foreign currency translation		1,118	–
Cash and cash equivalents at the end of year		30,219	37,926
Analysis of balances of cash and cash equivalents:			
Bank balances and cash		30,219	37,926

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30th September 2002

	Note	2002 HK$'000	2001 HK$'000
Total equity balance at the beginning of the year		54,547	23,838
Loss attributable to shareholders	*18*	(91,161)	(28,380)
Issue of shares	*17&18*	97,590	70,800
Expenses incurred with issue of shares	*18*	(4,673)	(11,711)
Exchange differences arising on translation of accounts of an overseas subsidiary		844	–
Total equity balance at the end of the year		57,147	54,547

1. PRINCIPAL ACCOUNTING POLICIES

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

(a) Basis of preparation

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

In the current year, the Group early adopted the following revised Statements of Standard Accounting Practice ("SSAPs") issued by the HKSA which will be effective for accounting periods commencing on or after 1st January 2002:

SSAP 1 (revised):	Presentation of financial statements
SSAP 15 (revised):	Cash flow statements
SSAP 34 (revised):	Employee benefits

The principal accounting policies below have adopted these new standards.

(b) Consolidation

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

All significant inter-company transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

(c) Subsidiaries

Subsidiaries are those entities in which the Company, directly or indirectly, controls the composition of the board of directors, controls more than half the voting power or holds more than half of the issued share capital.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(d) Associated companies

An associated company is a company, not being a subsidiary or a joint venture, in which an equity interest is held for the long-term and significant influence is exercised in its management.

The consolidated profit and loss account includes the Group's share of the results of associated companies for the year, and the consolidated balance sheet includes the Group's share of the net assets of the associated companies and also goodwill net of accumulated amortisation on acquisition.

(e) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary/associated company at the date of acquisition.

Goodwill on acquisitions occurring on or after 1st January 2001 is included in intangible assets and is amortised using the straight-line method over its estimated useful life of 3 to 10 years.

The gain or loss on disposal of an entity includes the unamortised balance of goodwill relating to the entity disposed of.

Where an indication of impairment exists, the carrying amount of goodwill is assessed and written down immediately to its recoverable amount.

(f) Revenue recognition

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

Hook up fees, sales of trading and back office systems and sales of computer hardware and software are recognised upon satisfactory delivery and installation of the systems/hardware and software to the customers.

System customisation fees and network support fees are recognised upon satisfactory completion of work including post delivery service support.

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

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

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(f) Revenue recognition (continued)

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

(g) Fixed assets

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

Office furniture and equipment	20-50%
Computer equipment and software	$33^1/_3$-60%

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

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account.

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

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(h) Non-trading securities

Investments which are held for non-trading purpose are stated at fair value at the balance sheet date. Changes in the fair value of individual securities are credited or debited to the investment revaluation reserve until the security is sold, or is determined to be impaired. Upon disposal, the cumulative gain or loss representing the difference between the net sales proceeds and the carrying amount of the relevant security, together with any surplus/deficit transferred from the investment revaluation reserve, is dealt with in the profit and loss account.

Where there is objective evidence that individual investments are impaired, the cumulative loss recorded in the revaluation reserve is taken to the profit and loss account.

(i) Trade receivables

Provision is made against trade receivables to the extent they are considered to be doubtful. Trade receivables in the balance sheet are stated net of such provision.

(j) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, cash investments with a maturity of three months or less from date of investment and bank overdrafts.

(k) Inventories

Inventories comprise stocks and work-in-progress. Stocks are stated at the lower of cost and net realisable value. Cost, calculated on the first-in, first-out basis, comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses. Work-in-progress comprises staff costs incurred with respect to system customisation services rendered plus attributable profit less progress billings.

(l) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(m) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

(n) Deferred taxation

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

(o) Operating leases

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

(p) Translation of foreign currencies

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

The accounts of subsidiaries expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss account is translated at an average rate. Exchange differences are dealt with as a movement in reserves.

(q) Research and development costs

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

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(r) Employee benefits

(i) Retirement benefits

The Group's contributions to the retirement scheme for employees of the Group are expensed as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(s) Segment reporting

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

Unallocated costs represent amortisation of goodwill and impairment of goodwill. Segment assets consist primarily of fixed assets, non-trading securities, inventories, trade receivables, prepayments, deposits and other receivables, amount due from an investee company and bank balances and cash. Capital expenditure comprises additions to fixed assets including additions resulting from acquisitions through purchases of subsidiaries.

In respect of geographical segment reporting, sales are based on the country in which the customer is located. Total assets and capital expenditure are based on where the assets are located.

2. REVENUES AND TURNOVER

The Group is principally engaged in the provision of comprehensive online trading and related systems to licensed financial institutions and intermediaries principally in Asia, and investment holding. Revenues recognised during the year are as follows:

	2002 HK$'000	2001 HK$'000
Turnover		
System customisation and network support fees	2,678	461
Sales of trading and back office systems	5,039	1,880
Maintenance fees	1,263	458
Hook up fees	365	335
Data management and hosting fees	46	31
Messaging fees	180	219
Content management and subscription fees	456	250
Sales of hardware and software	56	–
ASP licence fees	230	–
	10,313	3,634
Other revenues		
Interest income on bank deposits	789	1,148
Other	57	18
	846	1,166
Total revenues	11,159	4,800

3. SEGMENT INFORMATION

Primary reporting format – business segments

No business segment analysis is presented as over 90% of the Group's turnover and contribution to the operating loss during the year ended 30th September 2002 are attributable to the provision of comprehensive online trading and related systems to licensed financial institutions and intermediaries.

3. SEGMENT INFORMATION (continued)

Secondary reporting format – geographical segments

Year ended/as at 30th September 2002

	Turnover HK$'000	Segment results HK$'000	Total assets HK$'000	Capital expenditure HK$'000
Hong Kong	10,257	(37,746)	49,258	20,944
United Kingdom	–	(4,031)	8,703	1,075
Macau	56	(347)	1,250	41
	10,313	(42,124)	59,211	22,060
Unallocated costs		(48,623)		
Operating loss		(90,747)		
Non-trading securities			2,000	
Total assets			61,211	

Year ended/as at 30th September 2001

	Turnover HK$'000	Segment results HK$'000	Total assets HK$'000	Capital expenditure HK$'000
Hong Kong	3,634	(27,316)	60,307	11,811
Philippines	–	(980)	430	–
	3,634	(28,296)	60,737	11,811
Unallocated costs		–		
Operating loss		(28,296)		

4. OPERATING LOSS

(a) Operating loss is stated after charging the following:

	2002 HK$'000	2001 HK$'000
Auditors' remuneration	411	300
Depreciation		
Owned fixed assets	10,125	4,876
Leased fixed assets	–	163
Cost of services	8,881	4,477
Operating leases		
Land and buildings	2,074	1,070
Office equipment	–	18
Retirement benefit costs *(note 9)*	596	398
Loss on disposal of fixed assets	434	46
Exchange losses	18	94

(b) Finance costs

	2002 HK$'000	2001 HK$'000
Interest element of finance leases	–	84
Other interest	1	–
	1	84

5. TAXATION

(a) No provision for Hong Kong or overseas profits tax has been made in the accounts as the Group has no estimated assessable profit for the year (2001: HK$Nil).

(b) No provision for deferred taxation has been made as the Group and the Company have net potential deferred tax asset at the balance sheet date, the crystallisation of the asset in the foreseeable future was uncertain.

The major components of the net deferred asset not recognised are as follows:

	Group	
	2002	2001
	HK$'000	HK$'000
Accelerated depreciation allowances	(1,757)	(2,428)
Tax losses	15,137	8,881
	13,380	6,453

	Company	
	2002	2001
	HK$'000	HK$'000
Accelerated depreciation allowances	–	–
Tax losses	6,287	5,625
	6,287	5,625

As at 30th September 2002, the above tax losses of the Group and the Company were available for carry forward but subject to the approval of the Hong Kong Inland Revenue Department.

6. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of HK$66,547,000 (2001: HK$23,362,000).

7. DIVIDENDS

No dividends have been paid or declared by the Company during the year (2001: HK$Nil).

8. LOSS PER SHARE

The calculation of the basic loss per share for the year is based on the Group's loss attributable to shareholders of HK$91,161,000 and the weighted average of 568,829,100 ordinary shares in issue during the year.

The last year's loss per share was calculated on the Group's loss attributable to shareholders of HK$28,380,000 and the weighted average of 358,765,088 ordinary shares in issue in last year, which was adjusted for the effect of the assumption as if the capitalisation issue of shares of the Company in March 2001 was made at the beginning of the last year.

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

9. RETIREMENT BENEFIT SCHEMES AND COSTS

On 1st December 2000, a Mandatory Provident Fund Scheme (the "MPF") was set up under the Mandatory Provident Fund Schemes Ordinance for all eligible employees of the Group. Under the MPF, the Group and the eligible employees are required to contribute 5% of the monthly gross salaries of the respective employees with a maximum monthly contribution of HK$1,000, except for one of the subsidiaries of the Group, which is not subject to such HK$1,000 maximum contribution limit. The contributions are fully and immediately vested with employees as accrued benefits once they are paid. The assets of the MPF are held separately from those of the Group in an independently administered fund. Details of the contributions to the MPF are as follows:

	2002 HK$'000	2001 HK$'000
Employers' contributions incurred	272	398
Contributions payable as at the end of the year	51	–
Forfeited contributions available to offset employers' contributions payable in future years as at the end of year	14	–

9. RETIREMENT BENEFIT SCHEMES AND COSTS (continued)

In addition, one of the Group's subsidiaries in the United Kingdom operates a defined contribution retirement scheme. Contributions to the fund are calculated as a percentage of employees' basic salaries. The assets of the scheme are held separately from those of the subsidiary in an independently administered fund. Details of the contributions to this defined contribution retirement scheme are as follows:

	2002 HK$'000	2001 HK$'000
Employers' contributions incurred	324	–
Contributions payable as at the end of the year	–	–
Forfeited contributions available to offset employers' contributions payable in future years as at the end of year	–	–

10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' remuneration

Details of the emoluments paid to the directors of the Company are as follows:

	2002 HK$'000	2001 HK$'000
Fees	167	–
Salaries, allowances and benefits in kind	3,107	2,783
Retirement benefit costs	33	30
	3,307	2,813

None of the independent non-executive directors received any emoluments except for director fees of approximately HK$84,000 and HK$83,000 which were paid to each of the two independent non-executive directors respectively for the year ended 30th September 2002 and were included in the directors' emoluments as disclosed above.

Three executive directors of the Company received emoluments of approximately HK$1,272,000, HK$999,000 and HK$869,000 (2001: HK$1,167,000, HK$1,048,000 and HK$598,000) respectively for the year ended 30th September 2002. Save as disclosed in note 20, no other emoluments were received by the directors during the year ended 30th September 2002.

10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(b) **Five highest paid individuals**

The five individuals whose emoluments were the highest in the Group for the year are as follows:

	2002	2001
Directors	3	2
Employees	2	3
	5	5

The emoluments payable to directors are reflected in note (a) above. The emoluments payable to employees during the year are as follows:

	2002 HK$'000	2001 HK$'000
Salaries, allowances and benefits in kind	1,776	2,658
Retirement benefit costs	55	30
	1,831	2,688

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

(c) During the year, no directors or the above highest paid individuals waived or agreed to waive any emoluments. No emoluments have been paid to the directors of the Company or the above highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

11. FIXED ASSETS

	Group			
	Leasehold improvements HK$'000	Office furniture and equipment HK$'000	Computer equipment and software HK$'000	Total HK$'000
Cost				
At 1st October 2001	426	422	20,843	21,691
Acquisition of subsidiaries	956	449	13,569	14,974
Additions	1,007	149	5,930	7,086
Disposals	(671)	(175)	(614)	(1,460)
Exchange translation	75	22	16	113
At 30th September 2002	1,793	867	39,744	42,404
Accumulated depreciation				
At 1st October 2001	229	129	5,604	5,962
Acquisition of subsidiaries	328	154	1,778	2,260
Charge for the year	463	198	9,464	10,125
Impairment charge *(note a)*	–	–	11,534	11,534
Disposals	(420)	(65)	(282)	(767)
Exchange translation	32	10	16	58
At 30th September 2002	632	426	28,114	29,172
Net book value				
At 30th September 2002	1,161	441	11,630	13,232
At 30th September 2001	197	293	15,239	15,729

Notes:

(a) During the year, the Group performed an assessment of the carrying value of certain computer software. In light of the rapid change of technology, the Group considered that there was an impairment to the computer software, taking into consideration their recoverable amounts which were based on their value in use. As a result, an impairment charge of approximately HK$11,534,000 was recorded during the year.

11. FIXED ASSETS (continued)

(b) During the year ended 30th September 2001, all the fixed assets of the Company were transferred, at net book values, to its subsidiaries. No fixed assets have been acquired by the Company since then.

12. GOODWILL

	HK$'000
Cost	
At 1st October 2001	–
Acquisition of subsidiaries *(note 21d)*	48,623
At 30th September 2002	48,623
Accumulated amortisation	
At 1st October 2001	–
Amortisation charge	(2,227)
Impairment charge *(note a)*	(46,396)
At 30th September 2002	(48,623)
Net book value	
At 30th September 2002	–
At 30th September 2001	–

Note:

(a) The Group acquired 35% and 35.25% effective equity interest in two associated companies respectively on 9th November 2001 and further acquired the remaining 65% and 64.75% effective equity interest in these associated companies on 5th December 2001, which have become wholly-owned subsidiaries of the Group since then. Subsequent to the acquisitions, the Group performed an assessment of the carrying value of goodwill arising from the acquisition of these two companies. In light of the economic downturn, the Group has adopted a cautious approach for expansion to the financial industry. Based on the current assessment, the directors of the Group were uncertain as to the ultimate recoverability of this goodwill. Therefore, an impairment loss of approximately HK$46,396,000 was recorded to write off the remaining unamortised balance of goodwill in the profit and loss account for the year ended 30th September 2002.

13. INVESTMENTS IN SUBSIDIARIES

	Company	
	2002 HK$'000	2001 HK$'000
Investments at cost:		
Unlisted shares	4,785	4,010
Amounts due from subsidiaries *(note a)*	120,526	17,515
Provision for amount due from a subsidiary	(63,686)	–
	56,840	17,515
	61,625	21,525

Notes:

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

(b) The following is a list of the principal subsidiaries of the Company at 30th September 2002:

Name	Place of incorporation	Principal activities and place of operation	Particulars of issued share capital	Effective interest held
iAsia Network Solutions Limited (formerly known as iAsia Technology International Limited)*	British Virgin Islands	Provision of system customisation and network support services in Hong Kong	1 ordinary share of US$1 each	100%
iAsia Technology (Asia) Limited*	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1 each	100%
iAsia Online Systems Limited*	British Virgin Islands	Online trading software provider in Hong Kong	1 ordinary share of US$1 each	100%

13. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Place of incorporation	Principal activities and place of operation	Particulars of issued share capital	Effective interest held
iAsia Solutions Limited (formerly known as Bostonian Investments Limited)*	British Virgin Islands	Online trading software provider in Hong Kong	100 ordinary shares of US$1 each	100%
Global Financial Services Group Limited*	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1 each	100%
iAsia Services Limited*	Hong Kong	Provision of management services in Hong Kong	10,000 ordinary shares of HK$1 each	100%
CFN Hongkong Limited	Hong Kong	Provision of online securities trading solutions to financial institutions in Hong Kong	238,903,368 ordinary shares of HK$0.1 each	100%
CFN (UK) Limited	England & Wales	Provision of services on financial markets in the United Kingdom	10,000 ordinary shares of 1 pence each	100%
Elixir Group Limited*	Hong Kong	Hardware and software provider in Hong Kong	833,333 ordinary shares of HK$1 each	77.5%
Elixir Group (Macau) Limited	Macau	Hardware and software provider in Macau	2 ordinary shares of MOP450,000 and MOP50,000 each respectively	77.5%

* Shares held directly by the Company

14. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group	
	2002	2001
	HK$'000	HK$'000
Trade receivables		
Current	1,074	849
31-90 days	380	100
Over 90 days	517	1,375
	1,971	2,324
Prepayments, deposits and other receivables	12,909	8,412
	14,880	10,736
Less: Provision for receivables	(40)	(3,907)
	14,840	6,829

	Company	
	2002	2001
	HK$'000	HK$'000
Trade receivables		
Current	10	483
31-90 days	–	–
Over 90 days	–	980
	10	1,463
Prepayments, deposits and other receivables	11,540	8,324
	11,550	9,787
Less: Provision for receivables	–	(3,907)
	11,550	5,880

Trade receivables are due immediately from date of billing but the Group and the Company will generally grant a normal credit period of 30 days on average to its customers.

15. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	Group 2002 HK$'000	Group 2001 HK$'000
Trade payables		
Current	698	59
31-90 days	–	–
Over 90 days	–	5
	698	64
Accruals and other payables	3,296	6,126
	3,994	6,190

	Company 2002 HK$'000	Company 2001 HK$'000
Trade payables		
Current	–	–
31-90 days	–	–
Over 90 days	–	5
	–	5
Accruals and other payables	1,649	5,032
	1,649	5,037

16. INVENTORIES

	Group 2002 HK$'000	Group 2001 HK$'000
Merchandise	735	–
Work-in-progress	181	253
	916	253

17. SHARE CAPITAL

	No. of shares	HK$'000
Authorised:		
At 1st October 2000, ordinary shares of HK$1.0 each	1,000,000,000	1,000,000
Sub-division of shares into HK$0.1 each	9,000,000,000	–
At 30th September 2001, ordinary shares of HK$0.1 each	10,000,000,000	1,000,000
At 30th September 2002, ordinary shares of HK$0.1 each	10,000,000,000	1,000,000
Issued and fully paid:		
At 1st October 2000, ordinary shares of HK$1.0 each	28,400,300	28,400
Issue of shares	812,815	813
Sub-division of shares into HK$0.1 each	262,918,035	–
Issue of shares by capitalisation of the share premium account	67,868,850	6,787
Placing and public offer	90,000,000	9,000
At 30th September 2001, ordinary shares of HK$0.1 each	450,000,000	45,000
At 1st October 2001, ordinary shares of HK$0.1 each	450,000,000	45,000
Issue of shares *(note a)*	230,442,858	23,044
At 30th September 2002, ordinary shares of HK$0.1 each	680,442,858	68,044

17. SHARE CAPITAL (continued)

Note:

(a) On 9th November 2001, Global Financial Services Group Limited ("GFS"), a wholly-owned subsidiary of the Company acquired 35% effective interest in CFN Hongkong Limited ("CFN HK"), 35.25% effective interest in CFN (UK) Limited ("CFN UK") and 100% interest in Capital Connection Limited ("CCL") for a total consideration of HK$28,740,000, which was satisfied in full by the allotment and issue of 41,057,143 ordinary shares of the Company of HK$0.1 each at an issue price of HK$0.7 per share.

On 5th December 2001, GFS acquired 65% effective interest in CFN HK, 64.75% effective interest in CFN UK and 100% interest in London Technology Limited ("LTL") for a total consideration of HK$53,215,000, which was satisfied in full by the allotment and issue of 76,021,429 ordinary shares of the Company of HK$0.1 each at an issue price of HK$0.7 per share. Upon acquisition of the aforesaid interests, CFN HK, CFN UK, CCL and LTL became wholly-owned subsidiaries of the Group.

On 10th June 2002, in lieu of cash payment of HK$5,015,000 payable for certain software to one of the Group's suppliers, the Company issued 7,164,286 ordinary shares of the Company of HK$0.1 each at an issue price of HK$0.7 per share.

On 15th July 2002, the Company entered into a placing agreement with Ong Asia Securities (HK) Limited which agreed to procure on the placing of the Company's shares. On 23rd July 2002, the placing agent successfully placed on behalf of the Company a total of 106,200,000 new shares of HK$0.1 each at par, ranking pari passu with the existing ordinary shares. The Placing was completed on 2nd August 2002 in accordance with the terms of the placing agreement.

18. RESERVES

	Group			
	Share premium	Accumulated losses	Exchange reserves	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1st October 2000	6,000	(10,562)	–	(4,562)
Premium on issue of shares	60,987	–	–	60,987
Expenses incurred in connection with issue of shares	(11,711)	–	–	(11,711)
Capitalisation issue	(6,787)	–	–	(6,787)
Loss for the year	–	(28,380)	–	(28,380)
At 30th September 2001	48,489	(38,942)	–	9,547
At 1st October 2001	48,489	(38,942)	–	9,547
Premium on issue of shares *(note 17a)*	74,546	–	–	74,546
Expenses incurred in connection with issue of shares	(4,673)	–	–	(4,673)
Loss attributable to shareholders	–	(91,161)	–	(91,161)
Exchange differences arising on translation of accounts of an overseas subsidiary	–	–	844	844
At 30th September 2002	118,362	(130,103)	844	(10,897)

18. RESERVES (continued)

		Company	
	Share premium	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000
At 1st October 2000	6,000	(10,562)	(4,562)
Premium on issue of shares	60,987	–	60,987
Expenses incurred in connection with issue of shares	(11,711)	–	(11,711)
Capitalisation issue	(6,787)	–	(6,787)
Loss for the year	–	(23,362)	(23,362)
At 30th September 2001	48,489	(33,924)	14,565
At 1st October 2001	48,489	(33,924)	14,565
Premium on issue of shares *(note 17a)*	74,546	–	74,546
Expenses incurred in connection with issue of shares	(4,673)	–	(4,673)
Loss for the year	–	(66,547)	(66,547)
At 30th September 2002	118,362	(100,471)	17,891

19. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or vice versa. Parties are also considered to be related if they are subject to common control or common significant influence.

19. RELATED PARTY TRANSACTIONS (continued)

Significant related party transactions, which were carried out in the normal course of the Group's business, are as follows:

		Group	
	Note	2002 HK$'000	2001 HK$'000
Sales of fixed assets to related companies	*(a)*	155	–
Rental paid to a related company	*(b)*	127	–
Technical, network and other services fees charged to a related company	*(c)*	142	56
Sales of computer hardware to related companies	*(c)*	56	–

Notes:

(a) Fixed assets were sold to related companies at net book value with certain profit margins, totalling approximately HK$23,000.

(b) The Company leased certain office space from a related company. The lease rental was charged according to actual floor space utilised at normal commercial terms.

(c) Services provided and computer hardware sold to related companies were conducted in the normal course of business at prices and terms no less than those charged to and contracted with third party customers of the Group.

(d) The amount due from an investee company is unsecured, interest free and has no fixed terms of repayment.

20. SHARE OPTIONS

(i) Pre-IPO share option plan

As at 30th September 2002, options comprising an aggregate of 29,306,249 underlying shares granted on 6th April 2001 ("Pre-IPO Share Options") pursuant to the Pre-IPO share option plan adopted by the Company on 14th March 2001 ("Pre-IPO Share Option Plan") at an exercise price of HK$0.49 per share were outstanding, which represents 4.3% of the shares of the Company in issue as at 30th September 2002. The exercise price represents a discount of 30% of the IPO offer price. The Pre-IPO Share Options have duration of approximately 4.5 years from the date of grant. According to the Pre-IPO Share Option Plan, any Pre-IPO Share Option granted shall lapse upon the expiration of 3 months after the relevant grantee ceases to be employed by the Group. The following are details of the outstanding Pre-IPO Share Options at 30th September 2002:

Categories of grantees	Total no. of grantees	No. of underlying Shares comprised in the Pre-IPO Share Options	Exercise price per Share HK$	Pre-IPO Share Share Options duration
Directors of the Group	6	27,045,832	0.49	6th April 2001 to 8th October 2005
Employees	3	2,260,417	0.49	6th April 2001 to 8th October 2005
Total		29,306,249		

Since 18th December 2001, being the date of issue of the Company's annual report 2001 ("Annual Report") and up to 30th September 2002, certain Pre-IPO Share Options comprising a total of 2,100,000 and 12,810,417 underlying shares respectively granted to one director and four employees lapsed as the relevant director/employees failed to exercise the same within 3 months after the relevant director/employees ceased to be the director/employees of the Group. Since the date of the grant of the Pre-IPO Share Options up to 30th September 2002, none of the Pre-IPO Share Options were exercised.

(ii) New share option scheme

The new share option scheme ("New Share Option Scheme") was adopted by the Company on 29th November 2001 (which supersedes the previous share option scheme of the Company adopted on 14th March 2001).

20. SHARE OPTIONS (continued)

(ii) New share option scheme (continued)

As at 30th September 2002, options comprising an aggregate of 49,105,714 underlying Shares granted on 9th July 2002 ("New Share Options") pursuant to the New Share Option Scheme at an exercise price of HK$0.1 per Share were outstanding, which represents 7.2% of the shares of the Company in issue as at 30th September 2002. The closing price of the Company's shares immediately before 9th July 2002 was HK$0.088. The New Share Options have duration of 10 years from the date of grant. According to the New Share Option Scheme, any New Share Option granted shall lapse upon the expiration of 3 months after the relevant grantee ceases to be employed (if applicable) by the Group. The following are details of the outstanding New Share Options:

Categories of grantees	Total no. of grantees	No. of underlying Shares comprised in the New Share Options	Exercise price per Share	New Share Options duration
			HK$	
Directors of the Group	4	17,186,999	0.1	9th July 2002 to 8th July 2012
Employees	35	22,588,631	0.1	9th July 2002 to 8th July 2012
Other eligible persons	5	9,330,084	0.1	9th July 2002 to 8th July 2012
Total		49,105,714		

Since the date of the grant of the New Share Options up to 30th September 2002, none of the New Share Options were exercised, cancelled or lapsed.

21. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	2002 HK$'000	2001 HK$'000
Loss for the year	(91,316)	(28,380)
Share of losses of associated companies	568	–
Impairment of goodwill	46,396	–
Impairment of fixed assets	11,534	–
Amortisation of goodwill	2,227	–
Depreciation	10,125	5,039
Loss on disposal of fixed assets	434	46
Interest income	(789)	(1,148)
Interest element of finance leases	–	84
Provision for receivables	40	3,907
(Increase)/decrease in inventories	(663)	98
Decrease/(increase) in trade receivables, prepayments, deposits and other receivables	258	(2,212)
Increase in amount due from an investee company	(4)	–
(Decrease)/increase in trade payables, accruals and other payables	(1,189)	1,721
Net cash outflow from operating activities	(22,379)	(20,845)

21. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Analysis of changes in financing during the year

	Share capital including premium		Obligations under finance leases		Minority interests	
	2002 HK$'000	2001 HK$'000	2002 HK$'000	2001 HK$'000	2002 HK$'000	2001 HK$'000
At the beginning of the year	93,489	34,400	–	826	–	–
Cash inflows/(outflows) from financing	10,412	73,669	–	(826)	–	–
Decrease in amounts due from shareholders	–	(14,580)	–	–	–	–
Contribution from minority shareholders	–	–	–	–	225	
Minority interests in share of loss	–	–	–	–	(155)	–
Issue of shares for acquisition of subsidiaries, net of expenses	77,504	–	–	–	–	–
Issue of shares for settlement to a supplier, net of expenses	5,001	–	–	–	–	–
At the end of the year	186,406	93,489	–	–	70	–

(c) Major non-cash transactions

(i) The consideration for the purchase of subsidiaries during the year ended 30th September 2002 was settled by way of issue of 117,078,572 ordinary shares in the Company of HK$0.1 each.

(ii) Part of the consideration for the purchase of certain software during the year ended 30th September 2002 comprised 7,164,286 ordinary shares in the Company of HK$0.1 each.

21. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(d) Acquisition of subsidiaries

	2002 HK$'000	2001 HK$'000
Net assets acquired		
Goodwill	6,730	–
Fixed assets	12,714	4,000
Trade receivables, prepayments, deposits and other receivables	1,539	–
Bank balances and cash	19,965	–
Trade payables, accruals and other payables	(1,557)	–
	39,391	4,000
Goodwill	32,344	–
Carrying value of interest in associated companies*	10,117	–
Effect of change in foreign currency translation	103	–
	81,955	4,000
Satisfied by:		
Issuance of shares of the Company	81,955	–
Cash	–	4,000

Analysis of the net inflow/(outflow) in respect of the acquisition of subsidiaries:

	2002 HK$'000	2001 HK$'000
Cash consideration	–	(4,000)
Bank balances and cash acquired	19,965	–
Net cash inflow/(outflow) in respect of the acquisition of subsidiaries	19,965	(4,000)

* As at 5th December 2001, the carrying value of interest in associated companies included the unamortised balance of goodwill amounted to approximately HK$9,549,000 arising from the acquisition of associated companies on 9th November 2001.

22. COMMITMENTS

(i) Operating lease commitments

At 30th September 2002, the Group and the Company had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Group	Company	Group and Company
	2002	2002	2001
	HK$'000	HK$'000	HK$'000
Within one year	2,418	607	1,052
In the second to fifth year inclusive	2,252	–	631
	4,670	607	1,683

(ii) Financial commitments

Pursuant to the pre-incorporation agreement entered into between the Company and Computershare Systems Phils., Inc. on 27th September 2000, the Group and the Company had financial commitment in respect of capital contribution into a jointly controlled entity to be incorporated in the Republic of the Philippines of PHP12.5 million (approximately HK$1,859,000).

As at the date of this report, the Company had only injected an aggregate amount of HK$430,000 into the proposed joint venture. Due to the adverse market environment in Asia countries, the parties are now considering of entering into a termination agreement in the next few months terminating the pre-incorporation agreement and thereby releasing both parties' obligations with respect to any further commitments to the joint venture.

23. CONTINGENT LIABILITIES

(i) One of the Company's third party suppliers ("Supplier") charged the Company a sum of approximately HK$8.6 million in respect of work performed by the Supplier of which approximately HK$2.6 million has been paid. A threatened claim was made by the Supplier against the Company on 30th November 2000 for the unpaid invoices for the work done between April and September 2000. As at 30th September 2002, the Company has not provided for the outstanding service fee of approximately £489,000 (approximately HK$6 million) which is in dispute with the Supplier. On the basis of the Company's own assessment of the services rendered by the Supplier and professional legal advice, the directors of the Company are of the opinion that such charges are unreasonable and not justifiable under the agreement with the Supplier and the Company had indeed in early 2001 issued legal letters to the Supplier challenging the charges on the above grounds. Since then, the Company did not hear further from the Supplier and consequently, no provision has been made by the Group as at 30th September 2002.

(ii) On 11th January 2001, legal proceedings were initiated by Lane Ventures Limited ("Claimant") alleging that the Company had promised to pay a monthly remuneration to the Claimant, to reimburse the Claimant's related travelling expenses and to grant certain options to the Claimant to purchase shares in the Company in consideration of the Claimant rendering its consultancy services to the Company. In the said proceedings, the Claimant is, among other things, claiming from the Company an amount of HK$0.5 million and an order that the Company grant the options as mentioned above to the Claimant. A defence has been filed by the Company. On the basis of legal advice received, the Company's directors are of the view that no agreement exists between the Claimant and the Company. The Company has a reasonable chance to defend itself against the allegation successfully. Indeed after filing of the defence by the Company, no further action has been taken by the Claimant up to now and consequently, no provision has been made by the Group as at 30th September 2002.

23. CONTINGENT LIABILITIES (continued)

(iii) As disclosed in the paragraphs headed "Contingent Liabilities" in the Company's interim report 2002 dated 13th May 2002 (the "Interim Report") and the announcement regarding supplemental information on the Interim Report of the Company dated 20th June 2002, the Company had a dispute with a Singaporean company, 3rd Frontier Solutions Pte Ltd. ("3F") concerning the termination of a software supply and development agreement dated 21st July 2001 and in relation thereto, the Company had commenced legal proceedings in Hong Kong to recover US$325,000 paid to 3F as a deposit and in turn, 3F had commenced arbitration proceedings in Singapore claiming the outstanding balance of the contract price of US$3,175,000. After considering the factors of legal cost and the management effort to be spent in this case, the Company and 3F finally entered into a settlement agreement dated 23rd August 2002. Pursuant to the terms of the said settlement agreement, each of the Company and 3F agreed to waive all claims against the other and accordingly, both the legal proceedings in Hong Kong and the Singaporean arbitration had been withdrawn.

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

24. POST BALANCE SHEET DATE EVENTS

The following significant events took place subsequent to 30th September 2002:

(i) On 4th October 2002, the Company obtained from a bank, a banking facility offering the Company of not exceeding HK$90 million for the purpose of financing the acquisition as stated in (iii) below.

(ii) On 28th September 2002 and subsequently on 9th October 2002, the Company has entered into an underwriting agreement and a supplemental agreement to the underwriting agreement (the "Underwriting Agreement") with Melco International Development Limited ("Melco"), under which Melco will act as the underwriter of the rights issue mentioned in (iii) below.

24. POST BALANCE SHEET DATE EVENTS (continued)

(iii) On 28th September 2002, the Company entered into a sale and purchase agreement with CEF Brokerage Holdings Limited and CEF Holdings Limited, under which the Company has conditionally agreed to acquire from them the entire issued share capital of three of their respective subsidiaries, namely CEF Brokerage Limited, CEF Futures Limited and CEF Capital Limited (the "CEF companies").

On 16th November 2002, the circular relating to (i) a conditional acquisition by the Company of the entire issued share capital of CEF companies; (ii) a proposed rights issue and bonus issue of shares in the Company; (iii) underwriting of the rights issue of shares in the Company; and (iv) a whitewash waiver sought by Melco, was despatched to the shareholders of the Company (the "Circular").

On 10th December 2002, the shareholders of the Company have passed the relevant resolutions at the extraordinary general meeting approving the following transactions or matters:

(a) The issue by way of rights (the "Rights Issue") of not less than 1,020,664,287 and not more than 1,138,282,230 new shares of HK$0.1 each ("Rights Share") at HK$0.1 per Rights Share to shareholders ("Qualifying Shareholders") whose names appear on the register of members of the Company at the close of business on 31st December 2002 ("Record Date") whose addresses are in Hong Kong for subscription, in the proportion of three Rights Shares for every two existing shares of the Company then held and on the terms and conditions set out in the Circular. An appropriate amount being equal to the aggregate nominal value of the Bonus Shares from the share premium account of the Company and the directors of the Company be and are hereby authorised to apply such amount in paying up in full at par not less than 680,442,858 and not more than 758,854,820 shares ("Bonus Shares"), such Bonus Shares to be issued and allotted and credited as fully paid to those Qualifying Shareholders who subscribe for the Rights Shares in the proportion of two Bonus Shares for every three subscribed and fully paid Rights Shares ("Bonus Issue"), and that the Bonus Shares will rank pari passu in all respects with the then existing shares in the Company from the date of their issue;

24. POST BALANCE SHEET DATE EVENTS (continued)

(b) The contents of and the transactions contemplated under the Underwriting Agreement was approved and the directors be and are hereby authorised to issue and allot the Rights Shares and the Bonus Shares pursuant to or in connection with the Rights Issue and the Bonus Issue notwithstanding that the same may be offered, issued or allotted otherwise than pro rata to the existing shareholders of the Company and, in particular, the directors may make such exclusions or other arrangements in relation to shareholders whose addresses as shown in the register of members of the Company as at the close of business on the Record Date are outside Hong Kong as they deem necessary or expedient having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory other than Hong Kong; and

(c) Upon the approval of the Registrar of Companies in Hong Kong, the English name of the Company will be changed to "Value Convergence Holdings Limited" and the Chinese name of the Company will be changed to "滙盈控股有限公司" with effect from the date of issue of the relevant certificate of incorporation on change of name.

(iv) On 18th December 2002, the acquisition of the CEF companies was completed and the Company announced that it would change its financial year end date from 30th September to 31st December from year 2003 onwards. Accordingly, the Company would issue its next annual report for the 15 months ending 31st December 2003.

25. APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 18th December 2002.

FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the past three financial years/period is set out below:

	Year ended 30th September 2002 HK$'000	Year ended 30th September 2001 HK$'000	Period from 24th September 1999 (date of incorporation) to 30th September 2000 HK$'000
Results			
Turnover	10,313	3,634	4,146
Loss attributable to Shareholders	(91,161)	(28,380)	(10,562)
Assets and liabilities			
Total assets	61,211	60,737	29,930
Total liabilities	(3,994)	(6,190)	(6,092)
Net assets	57,217	54,547	23,838

NOTICE IS HEREBY GIVEN that the Annual General Meeting of iAsia Technology Limited ("iAsia") will be held at the 38/F., The Centrium, 60 Wyndham Street, Central, Hong Kong on Wednesday, 22nd January 2003 at 11:00 a.m. for the following purposes:

1. To receive and consider the audited consolidated accounts of iAsia and its subsidiaries and the reports of the directors and of the auditors for the year ended 30th September 2002.

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

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

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

ORDINARY RESOLUTIONS

4. "**THAT**:

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

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

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

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

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

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

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

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

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

(e) for the purpose of this Resolution:

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

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

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

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

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

5. "**THAT**:

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

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

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

(d) for the purpose of this resolution:

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

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

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

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

6. "**THAT** conditional upon the passing of Resolutions numbered 4 and 5 set out in the notice convening this meeting, the aggregate nominal amount of share capital of iAsia that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to and in accordance with the general mandate granted under Ordinary Resolution numbered 4 set out in the notice

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

By Order of the Board
iAsia Technology Limited
Ko Chun Fung, Henry
Executive Director

Hong Kong, 24th December 2002

Register office, head office and principal place of business:
28/F., The Centrium
60 Wyndham Street
Central
Hong Kong

Notes:

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

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

3. In order to be valid, the form of proxy together with a power of attorney or other authority, (if any) under which it is signed, or a notarially certified copy of such power at authority must be deposited with the registered office of iAsia at 28/F., The Centrium, 60 Wyndham Street, Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

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