TECHPACIFIC CAPITAL LIMITED

2002
ANNUAL REPORT

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

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

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

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

This document, for which the directors of Techpacific Capital Limited collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to Techpacific Capital Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this announcement 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 announcement misleading; and (3) all opinions expressed in this announcement 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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The Chinese version of this annual report is provided for reference only.
In the event of any inconsistency between the Chinese and English versions, the English version shall prevail.

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TECHPACIFIC CAPITAL LIMITED

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- *Hong Kong*
- *Mainland China*
- *Singapore*
- *Indonesia*
- *United Kingdom*
- *Korea*
- *Philippines*

Asset Management

- CORO Voltin Fund
  US$350 million
- Nirvana Fund
  US$66 million
- Applied Research Fund
  HK$250 million

Spike Digital Services

Discontinued July 2002

ABOUT TECHPACIFIC CAPITAL LIMITED

Techpacific Capital Limited ("Techpacific" or the "Company" and, together with its subsidiaries, the "Group") is a Hong Kong-based investment banking and asset management group listed on the Hong Kong Stock Exchange's GEM board (HK GEM 8088), with representation in China, Korea, Singapore, Indonesia, the Philippines, the United Kingdom (covering the Middle East) and other parts of Asia.

The Group operates the following complementary lines of business:

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

The Group's asset management arm acts as portfolio manager of three funds:

(i) The US$66 million (HK$515 million) Nirvana Fund, targeted mainly at early stage technology ventures in Asia;

(ii) The US$32 million (HK$250 million) Hong Kong Government's Applied Research Fund (which is managed via Softech Investment Management Company Limited ("Softech"), a joint venture between Techpacific and Softbank China Venture Investments Limited); and

(iii) The US$350 million (HK$2.7 billion) CORO Voltin Fund. More detail on this fund is set out in the CEO's Report and Business Review.

Techpacific Capital Limited is... a considerably smaller but financially healthier Group, engaged in a different and more focused range of activities

CHAIRMAN'S REPORT

2002 was another difficult year for Techpacific Capital Limited ("Techpacific" or the "Company" and, together with its subsidiaries, the "Group"). An overall loss of US$13,371,724 was recorded on total revenue of US$7,132,305.

A substantial proportion of the losses is attributable to the failure of Spike Limited ("Spike"), the Group's majority-owned digital services subsidiary. The most painful event of 2002 was, in fact, the decision in July to place Spike into liquidation. Techpacific had invested over US$10 million into Spike since February 2001. However, despite considerable success in winning business from top-tier clients in its major markets of Australia and Japan, Spike was unable to achieve profitability. Its closure was precipitated by the failure of a third party investor to complete a contracted investment. This investment would have provided Spike with sufficient capital to execute a revised business plan which envisaged breakeven before the end of 2002. The board of directors ("Board") of Techpacific decided, however, that a further substantial commitment to Spike could not be justified.

One positive consequence of Spike's demise was that the Group's senior management has been able to focus its undivided attention on its core businesses of investment banking, carried out through its subsidiary Crosby Limited ("Crosby"), and asset management, carried out through its subsidiary, Techpacific Venture Capital Limited.

Investment Banking

Despite the persistence of unfavourable market conditions throughout 2002 for investment banks world-wide, Crosby was able to build up its franchise. It obtained corporate finance advisory mandates from a growing number of high quality clients in Asia, as well as mandates to arrange private placements. Bringing these transactions to a close proved to be a more protracted and frustrating task than would have been the case in less depressed market conditions. However, one substantial structured financing for Philippines Long Distance Telephone Company was completed in December and several further major transactions are in progress of execution. Corporate finance revenues in the fourth quarter showed a significant increase for the first time since early 2001.

> *the foundations have been laid for a business which is capable of achieving sustained profitability*

Crosby entered 2003 with a healthy "pipeline" of mandated transactions around the Asian region, a significantly reduced cost base and a well-motivated team of investment banking professionals, including a recently-hired team that is focused on the Greater China market and a senior investment banker to cover the important Korean market. Our pipeline of mandated Mainland Chinese investment banking deals is particularly encouraging and supports our hope that the corner has at last been turned, and that we can start to deliver some positive returns for our shareholders.

Asset Management

The asset management division continued to make a modest profit in 2002 managing the Nirvana Fund and the Hong Kong Government's Applied Research Fund.

A decision was taken mid-year not to draw further on the commitments of investors in the Nirvana Fund, of which 42% (out of the US$66 million total) had been drawn. This decision resulted from the sharp decline in value of the fund's previous investments in early stage technology companies and the limited prospect of achieving exits from new investments in such companies within the remaining lifetime of the fund.

The relatively small proportion of the Hong Kong Government's Applied Research Fund which was invested by Softech during the technology "bubble" period protected this fund to a large extent from the fate of other investors in this field. In recent months, an encouraging flow of higher-quality investment proposals has been seen.

The Group's asset management operations were significantly expanded in November 2002 by their appointment as portfolio manager of the US$350 million CORO Voltin Fund. This fund has a 5-year life and is sponsored by the Small Business Corporation of Korea. It invests in bonds and warrants issued by Korean small- and medium-sized enterprises.

Outlook

In the course of 2002, the Group significantly cut its staff numbers and cost base. The related redundancy costs have been fully absorbed in these financial statements. The carrying value of earlier investments by the Group in technology ventures has also been fully written down in these financial statements.

Entering 2003, Techpacific Capital Limited is the holding company of a considerably smaller but financially healthier Group, engaged in a different and more focused range of activities from those being undertaken at the time of its listing in April 2000. The core management team has endured some painful and chastening experiences but has remained intact. It is now engaged single-mindedly in building an independent investment banking and asset management firm with a pan-Asian franchise, utilising the proven investment banking skills of its senior executive management.

While the investment banking industry as a whole continues to pass through difficult times, and these are likely to persist for some while, it is becoming increasingly evident that there are profitable niches for small and flexible firms with a modest cost base, independent and free of the conflicts inherent in large financial services groups. Retrenchment by the major international investment banks in Asia has also opened up business opportunities. Crosby is benefiting from these trends, and also from its focus on small- and medium-sized companies, which are currently tending to generate more corporate finance activity than large corporations, particularly in Mainland China.

After the disappointments of the past, it would be rash to predict a sharp increase in revenues in the short term. I believe, however, that the foundations have been laid for a business which is capable of achieving sustained profitability and restoring some of the shareholder value which has been lost over the past two years.

I am delighted to report that Daniel Yen joined the Board in December 2002 as an independent non-executive director in place of Max Chapman, whose ability to travel to Asia from his home in the USA became more constrained. Daniel comes from an accounting and business background, as well as having extensive experience of working in Indonesia and Singapore, both key markets for the Group. I would like to thank Max Chapman most warmly for his extremely valuable contribution during the last 2 1/2 years.

Robert John Richard Owen
Chairman
20 March 2003

Techpacific Capital Limited changed from a technology-oriented investment holding company... to a company focused on investment banking and asset management activities in the Asian region

CEO'S REPORT & BUSINESS REVIEW

As Robert Owen, our Chairman, has noted, 2002 was another extremely difficult year for the Group. It was also a year in which your Company took decisive action to alter its business direction. Techpacific Capital Limited changed from a technology-oriented investment holding company with a diverse range of operations and a reliance on asset value increases in order to generate value for shareholders, to a company focused on investment banking and asset management activities in the Asian region. It now generates revenues principally in the form of fees and commissions.

This fundamental shift in strategy was formally approved by shareholders in March 2002 and utilises more effectively the core skills and expertise of your Company's senior management team.

BUSINESS REVIEW

Investment Banking and Corporate Finance

2002 marked the first year of operation of the Group's investment banking business under Crosby Limited. With a global economic downturn and a substantial decrease in capital-raising and mergers and acquisitions ("M&A") activity in the region, it has been a very challenging year for all in the investment banking industry. Despite such market conditions Crosby has made substantial progress in establishing a cross-border, independent investment banking business with its own niche in Asia.

As a result of acquiring Crosby, the Group has diversified its investment banking business beyond the technology sector. Our investment banking team now comprises senior members of the Techpacific corporate finance team, augmented by professionals who arrived with the Crosby acquisition and a small number of select new hires. Since June 2002, when the investment banking business truly started its integrated operations, Crosby has gained notable traction in several industry sectors including telecommunications, natural resources, industrial manufacturing, logistics, media and infrastructure.

Our mid-market China focus and our ability to place specialized financing products to Middle Eastern investors are two important product specializations

At the time of this report, Crosby has established a cross-border regional corporate finance business, with investment bankers based in Hong Kong and Mainland China, Singapore, the Philippines, Indonesia, the United Kingdom and Korea. Our mid-market China focus and our ability to place specialized financing products to Middle Eastern investors are two important product specializations, alongside the sector focus mentioned above.

Core Product Areas

Structured Finance :

Operating out of Singapore, the Structured Finance division was the most active within Crosby in 2002. It offers structured finance solutions to corporate clients throughout the region, with a particular focus on the Philippines, Indonesia and South Korea. It will extend its reach to China in 2003. A London-based team distributes these products to institutional investors in the Middle East, which has a fast-growing appetite for investment opportunities in Asia. A core strength of this distribution team is its unique placement capability to Islamic investors.

The highlight of 2002 was the successful closing of a US$50 million receivables purchase transaction for Philippines Long Distance Telephone Company ("PLDT") in December. The transaction, the first of its kind in the Philippines, involved the sale by PLDT of receivables from certain telecommunications companies to a special purpose vehicle funded by a group of purchasers arranged by Crosby. An important aspect of the transaction was the participation of a number of Islamic investors from the Middle East and Asia who also provided a facility to PLDT, known as an "Ijara". The Ijara is jointly managed by ABC Islamic Bank and Shamil Bank, both based out of Bahrain.

Mergers and Acquisitions ("M&A") Advisory :

Crosby has a particular interest in representing corporate purchasers in more developed markets (such as North America, Europe, Australia, Hong Kong and Singapore) who seek assets in emerging markets such as China, Korea, the Philippines, Thailand and Indonesia. In addition, Crosby advises clients in joint ventures, corporate restructurings, privatizations and spin-offs. For example, during 2002, Crosby assisted a logistics company based in Singapore in its negotiation to set up a joint venture with a manufacturing company in China. Crosby was also engaged by a Korean technology company to act as its advisor in a proposed takeover of a regional Internet company.

Financial Sponsors Group :

The Financial Sponsors Group ("FSG") caters to the needs of private equity and buyout funds seeking investment opportunities in the Asian region. Throughout 2002 the FSG has presented opportunities to these buy-side clients and has recently entered into an agreement to advise an international private equity fund to explore a potential buyout transaction in Hong Kong. As competition for deals in the Asian private equity market continues to be fierce, the FSG expects its marketing activity to continue to increase in 2003, with a particular focus on opportunities in Hong Kong, Singapore, China and Korea. The lead time for closing deals in this product area is typically long, and it is not uncommon for successful transactions to take 2 to 3 months to originate and a further 4 to 6 months to close.

Private Placements :

Through the FSG's strong relationships with venture capital and private equity firms, Crosby continues to act as advisor and placing agent in private placements for unlisted companies. Target fund-raising clients include Asia-based ventures and late-stage companies, overseas-based companies expanding into Asia, and overseas-based companies seeking Asian capital.

For example, Crosby has been retained by a leading fast-moving consumer goods manufacturer in Indonesia to raise capital from regional private equity firms. The client has received indicative financing offers and the transaction is expected to close in the first half of 2003. This area is expected to be increasingly active during 2003 with the recent hiring of a specialist team led by DC Lee, a highly respected investment banker, to originate private placement transactions from the Mainland Chinese market. This team started operations at the end of the first quarter of 2003.

Financial Advisory :

In addition to M&A advisory services, Crosby also provides general corporate finance advice to listed companies. In 2002 we advised a leading Hong Kong-listed media company on several of its acquisitions of print-media and outdoor advertising assets in China with respect to compliance with the listing rules of the Stock Exchange of Hong Kong. Crosby also provides independent financial advisory services to listed companies carrying out connected party transactions and advises clients on matters related to the Takeover Code. Crosby is currently retained on Financial Advisory mandates by a number of clients in Hong Kong and Singapore.

The Asset Management business... has maintained its profitability despite difficult market conditions and has managed to expand considerably its funds under management

BUSINESS REVIEW

Asset Management

The Asset Management business continues to be carried out through Techpacific Venture Capital Limited ("Techpacific VC"). This business has maintained its profitability despite difficult market conditions and has managed to expand considerably its funds under management. Techpacific VC now manages three funds, following the appointment of a fellow subsidiary as portfolio manager of the CORO Voltin Fund. We address each of these funds in more detail below.

It is our intention to build upon our existing franchise as a trusted intermediary for governmental institutions intending to contract out the management of funds to professional fund managers. We also expect to widen the scope of assets under management to include bonds and, at a later stage, listed equities.

Nirvana Capital Limited ("Nirvana Fund") – US$66 million

Given the very challenging environment for investing in early stage technology companies and the write-downs experienced on the existing investments, we proposed and completed a restructuring of the Nirvana Fund in November 2002 which effectively returned 58% of its capital to investors (through cash returned and a cancellation of outstanding commitments). We sincerely regret the losses sustained by Nirvana Fund investors (which included Techpacific Capital) from investments in early stage technology companies (mostly in 2000), which were the focus of this fund.

Additionally, we shortened the life of this fund to September 2003 and significantly reduced its management fees from the originally contracted level. We further reduced operating costs to conserve investors' cash and will continue to manage the work-out of the remaining portfolio companies, seeking to maximise the cash to be extracted for the fund's investors before closure of the fund.

This restructuring proposal was approved by 99% of the fund's shareholders, many of which are government-related entities, endowment funds, corporations, institutions which specialize in managing funds of funds and high net worth individuals.

The HK Government Applied Research Fund ("ARF") – HK$250 million

Techpacific VC was appointed in April 2000 to manage part of the ARF on behalf of the Hong Kong Government Innovation and Technology Commission's Applied Research Council. The ARF is managed through Softech Investment Management Company Limited, a joint venture with Softbank China Venture Investments Limited.

Less than 25% of the HK$250 million entrusted to us has been invested to date. Since the fund remains one of a very small number of venture capital funds focused on investing in early stage ventures in Hong Kong, it is now seeing a growing level of high quality deals. The number of proposals that the fund's investment committee will consider is likely to increase during 2003.

The ARF has recently committed to invest in three Hong Kong-based enterprises: a company creating Linux-based software for embedded devices, a diagnostic company using plasma for screening and a fabless integrated circuit design company.

The CORO Voltin Fund – US$350 million

In November 2002 the Company's asset management arm was appointed portfolio manager of the CORO Voltin Fund. This US$350 million fund is sponsored by the Small Business Corporation of Korea, a government organization. The Fund has a 5-year life and invests in bonds and warrants issued by over 100 small- to medium-sized enterprises in Korea, some of which are KOSDAQ-listed while others are private companies.

Concluding Remarks

I would like to take this opportunity to thank my colleagues at Techpacific Capital and the principal operating subsidiaries, Crosby and Techpacific Venture Capital, for the continuing hard work, dedication and focus that they have shown throughout the past year. I count myself very lucky to be able to work with such a talented and loyal team.

I would also like to take this opportunity to express my appreciation and gratitude to our shareholders and to our growing number of clients. They are equally important to the long term success of the investment banking business we are building.

Ilyas Tariq Khan

CEO

20 March 2003

OPERATIONAL & FINANCIAL REVIEW

The cessation of business of Spike Limited in July 2002 has a material impact on the financial statements for the year ended 31 December 2002. Spike had a significantly higher revenue and cost base than the remainder of the Group's businesses which makes meaningful year-on-year comparison difficult.

In this section's commentary we have sought to separate out the impact of Spike from the comparatives to provide a clearer picture of the improvements in our underlying businesses of investment banking and asset management. Readers of this report and accounts may also find it helpful to refer to the segmental analysis provided in Note 3 to the financial statements.

Consolidated Revenues

We set out a breakdown of Turnover for the years ended 31 December 2002 and 2001 in the table below:

Divisional Turnover (US$'000)	2002	2001	Change
Investment Banking	1,157	699	+66%
Asset Management	1,014	1,338	-24%
Continuing Businesses	2,171	2,037	+7%
Discontinued Business (Spike)	2,540	6,081	
Services income from incubation operations*	–	410	
Total Turnover	4,711	8,528	

* Services income from incubation operations of US$116,218 for the year ended 31 December 2002 is classified under Other Revenue (see Note 4 to the financial statements)

Fee income from the core Crosby business for the year ended 31 December 2002 has shown a pleasing increase despite very difficult market conditions. This increase more than offset a reduction in asset management income, which primarily resulted from the decision to repatriate capital to investors in the Nirvana Fund. Turnover for the Group's continuing businesses therefore rose 7% year-on-year. Management expects that the reduction in asset management fee income will be offset in the future by the recent appointment of the asset management arm as portfolio manager of the CORO Voltin Fund and other asset management initiatives.

The Group earned interest income of US$0.2 million over the year ended 31 December 2002 (2001: US$1.1 million). This decrease was, however, more than offset by a US$2.0 million gain on disposal of investments during 2002 (2001: US$0.2 million).

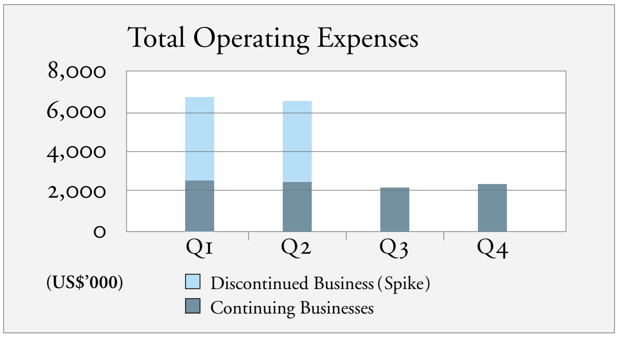
The combination of the above factors gave rise to the following Total Revenue:

Total Revenue (US$'000)	2002	2001	Change
Including Discontinued Business (Spike)	7,132	9,997	-29%
Continuing Businesses only	4,612	3,822	+21%

Consolidated Operating Expenses

Consolidated operating expenses for the year ended 31 December 2002 were US$17.9 million (2001: US$25.8 million), representing a 31% decrease year-on-year. Costs relating to Spike were US$8.6 million of the US$17.9 million total for the year.

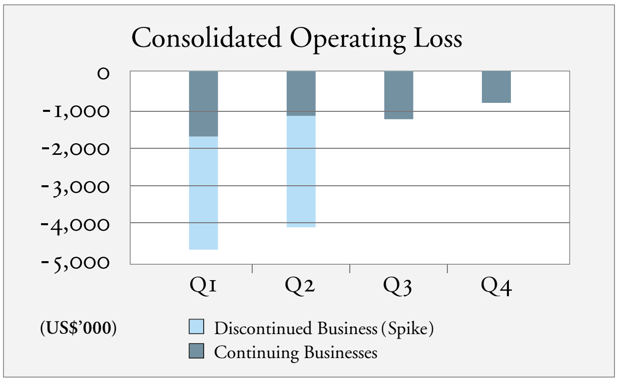
The chart below shows total operating costs for each quarter of 2002.



The fourth quarter US$2.30 million operating expenses represent a 6% increase on the US$2.15 million third quarter costs. However, the fourth quarter figure includes an amount of US$0.36 million relating to a one-off receivables provision. Excluding this amount gives an 10% decrease in operating costs from the third to the fourth quarter. This decrease relates primarily to a reduction in on-going staff costs following the review of Group cash expenditures announced in the Company's report for the third quarter.

Consolidated Operating Loss

The total consolidated loss from operations for 2002 of US$10.8 million is a 32% improvement on 2001. Moreover, the combination of the factors discussed above has meant an operating loss that has consistently narrowed for each succeeding quarter of 2002.



Non-Operating Items

Total non-operating items contributed a further US$2.5 million to the loss attributable to shareholders for 2002 (2001: US$26.6 million). The great majority of the non-operating loss items was a further provision for impairment of investments. The significant reduction in the non-operating items this year reflects the efforts made during 2001 to increase the clarity of the balance sheet and remove legacy items.

Balance Sheet Commentary

Consolidated net assets as at 31 December 2002 were US$12.9 million, down from US$25.7 million at the previous year-end.

The Group continued to have no borrowings or charged assets as at 31 December 2002 and financed its operations and investing activities with internally generated cashflows and the balance of proceeds from the IPO. As at 31 December 2002, the Group had cash and bank balances of US$11.8 million (2001: US$19.8 million) representing just over 90% of consolidated net assets (2001: 77%).

The Board believes the scope for further asset write-downs or provisions for impairment against past investments is very limited.

Conclusion

Assessment of the financial position of the Company's continuing businesses is complicated by the impact of Spike on the financial statements for the year under review. We trust the above commentary, coupled with the segmental analysis, goes some way to making this assessment easier.

In summary, the Company's consolidated balance sheet is now free of the IPO legacy, and reflects the Company's current lines of business as they enter 2003.

The income statement for the year shows a US$13.4 million loss attributable to shareholders but the operating loss has consistently narrowed for each succeeding quarter of 2002.

Most importantly, the Company's cash outflow has reduced steadily each quarter over 2002. This culminated in a fourth quarter where there was a net cash inflow of US$0.3 million, raising cash and balances at banks to US$11.8 million.

PROGRESS AGAINST BUSINESS OBJECTIVES

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

The following is a comparison of actual business progress in the twelve months ended 31 December 2002 ("Review Period") and the business objectives for the Review Period as set out in the Circular.

Expanded business objectives during the Review Period as set out in the Circular	*Actual business progress during the Review Period*
1. Expand business in key markets including Greater China, Singapore and Korea	1.1 Established a wholly-owned foreign enterprise (WOFE) in Shanghai 1.2 In the early part of 2003, hired a specialist team to originate private placement transactions from the Mainland China market 1.3 In the early part of 2003, hired a senior investment banker to develop the Korean market 1.4 Signed several corporate finance advisory mandates in Singapore during the Review Period and in Mainland China during early 2003
2. Expand the range of corporate finance and corporate advisory services to non-technology sectors, including, but not limited to, the media, logistics and food sectors	2.1 The Crosby business has signed several significant, non-technology corporate finance advisory mandates 2.2 The range of corporate finance services will be expanded with the new, specialist Mainland China team
3. Increase the level of funds under management by launching new funds within and beyond the technology sector, such as the special situations fund	3.1 The asset management business was appointed portfolio manager of the CORO Voltin fund, increasing assets under management by US$350 million
4. Continue to support the development of Spike as a leading communications and digital services business in Asia and Australia, with particular focus on strengthening its Australian and Japanese client base	4.1 As a result of the failure by a third party investor to complete an investment into Spike, the Spike Group was placed into provisional liquidation in July 2002. The Company no longer operates any digital services businesses
5. Invest in additional technology in promoting Techpacific and Spike	5.1 The Company invested selectively in the development of the Techpacific and Crosby technology platform to facilitate its businesses
6. Enhance the brand awareness of the expanded corporate finance and new asset management activities under the new Crosby brand name	6.1 There has been a significant marketing effort throughout the region to promote the Crosby brand. This has resulted in signed, fee-paying mandates 6.2 The Company has advertised the Crosby brand in the financial press and made press releases for significant events

PROFILES OF SENIOR MANAGEMENT

Board of Directors

● **Robert John Richard Owen**

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

● **Johnny Chan Kok Chung**

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

● **Ilyas Tariq Khan**

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

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

- *Executive Directors*
- *Non-executive Directors*
- *Independent Non-executive Directors*

Ahmad S. Al-Khaled

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

Francis Yuen Tin Fan

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

Alec Tsui Yiu Wa

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

Daniel Yen Tzu Chen

Daniel Yen currently serves on the Board of Hudson Holding Pte Ltd., a property and investment holding company based in Singapore. He is also Managing Director and Founder of P.T. Universal Sejati, an Indonesian trading company that deals in commodity metals, chemicals, machinery and mining products.

Daniel joins our Board from an accounting and business background and has over 20 years of experience throughout the Southeast Asian region, particularly in Indonesia and Singapore, both key markets for the Company.

PROFILES OF SENIOR MANAGEMENT

Senior Management

Robert Owen *Chairman*

Johnny Chan *Vice Chairman*

Ilyas Khan *CEO*

Stephen Smith
Chief Financial Officer
Company Secretary

Stephen is a member of the Company's Executive Committee and responsible for the Company's financial reporting. He also oversees compliance with Techpacific's regulatory obligations.

Stephen has held a number of senior positions at the Company since joining at its 1999 inception. He joined from an accounting and finance background, having previously worked for Ernst & Young where he trained as a Chartered Accountant. He then worked for European Capital, a London-based financial advisory firm specialising in corporate and project finance.

He has structured and executed financings across the spectrum, from venture capital to highly structured debt.

Stephen is a member of the Institute of Chartered Accountants in England and Wales. He has worked in the financial services sector since 1991.

Ahmad Salam
Managing Director
(UK & Middle East)

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

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

Ian Gibbs
Managing Director
(Singapore)

Ian is a Managing Director of Crosby and is based in Singapore. Ian joined the Crosby Group as a Director in 1997 and became the majority shareholder of the Crosby Group in Asia following a management buy-out. He successfully negotiated a merger of the Crosby Group with Techpacific and currently leads the merged group's South East Asian operations.

Prior to joining the Crosby Group, Ian was responsible for the Asian operations of Enskilda Securities, based in their Singapore office. He joined Enskilda Securities (London) in 1990 and worked on a range of corporate finance transactions, including major debt restructuring assignments. Prior to that, Ian was with Arthur Andersen (London) for four years. Ian has worked for a client base that includes both western and Asian multinationals, assisting them in making acquisitions and divestments.

Joey Borromeo
Managing Director
(Philippines)

Joey oversees Crosby in the Philippines. He joined Techpacific after serving as President of Credit Lyonnais Securities (Philippines) in 1998 where he was in charge of originating and delivering corporate finance services. Before Credit Lyonnais, Joey was Deputy General Manager and Head of Commercial Banking and Structured Finance for ABN-AMRO Philippines where he successfully originated and completed debt capital markets issues, syndicated loans and project financings.

Joey spent his longest time with Citibank, as a eurodollar and gold trader, a Vice President in Investment Banking and as a Senior Manager of corporate banking. Citibank then reassigned Joey to Citicorp International Limited in Hong Kong as a Director of Corporate Finance.

Joey also worked for Union Bank of Switzerland in Hong Kong as a Director in their Equity Capital Markets team.

D. C. Lee
Managing Director
(Greater China Region)

DC joined Crosby in 2003 as a Managing Director (Greater China). DC has 13 years of capital market experience in the Greater China Region advising on capital market strategic planning, initial public offerings, mergers and acquisitions, financial advisory services and private equity investments.

Prior to joining Crosby, DC was Managing Director of Shanghai Land Holdings Limited. Prior to that, DC was Head of Investment Banking of Core Pacific - Yamaichi where he executed 31 IPOs for small- to medium-sized enterprises in the Greater China Region and provided financial advice to listed companies. Under DC's management, Core Pacific - Yamaichi became one of the leading investment banks focusing on Greater China and the leading sponsor for the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. Core Pacific - Yamaichi was elected as the "Best Small Cap IPO House" by Finance Asia in 2002.

Shahzad Ashfaq
Executive Director

Shahzad is an Executive Director based out of Singapore and is responsible for spearheading Crosby's Structured Finance Unit.

He oversees execution for Structured Finance and Islamic Financing transactions. In addition, Shahzad is responsible for assisting in the execution of non Structured Finance deals for the South East Asian region.

Prior to moving to Singapore in 2001, Shahzad was based in Hong Kong with Techpacific.

Prior to joining the Techpacific Group, Shahzad held senior investment banking positions with Nomura International plc, UBS Warburg and Citicorp. He was based in London with Nomura prior to moving back to Asia.

His background is primarily Capital Markets, an area he has been involved in since 1991.

Patrick Yeung
Executive Director

Patrick is based in Hong Kong focusing on cross-border mergers and acquisitions in the Greater China market. He is also responsible for execution of private placement and buyout transactions involving strategic and financial investors. Prior to becoming an Executive Director of Crosby, Patrick also served in various positions of the Group in the business development and venture capital divisions, and was instrumental in the raising of the venture capital funds managed by the Group.

Prior to joining the Group, Patrick worked with the power and infrastructure team of the investment banking department of Salomon Smith Barney (Hong Kong). Prior to that, he was with the investment banking department of Bear Stearns Asia Limited, focusing on cross-border capital markets transactions for Greater China and South East Asian issuers in the power, infrastructure and telecom sectors.

DIRECTORS' REPORT

AUDITORS' REPORT

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

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

SEGMENTAL INFORMATION

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2002 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 31 to 64.

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

PROPERTY, PLANT AND EQUIPMENT

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

SHARE OPTION SCHEME

Details of the share option scheme of the Company are set out in note 24 to the financial statements.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 34.

SUBSIDIARIES AND ASSOCIATES

Particulars of the principal subsidiaries and associates as at 31 December 2002 are set out in notes 9 and 11 to the financial statements respectively.

MAJOR CLIENTS AND SUPPLIERS

The percentages of the Group's revenue attributable to the largest client and the five largest clients for the year (excluding the revenue attributable to the Spike Group) are as follows:

–	the largest client	27%
–	five largest clients	83%

The Group is mainly a provider of financial and advisory services and a fund manager. In the opinion of the directors, it is therefore of no value to disclose details of the Group's suppliers.

DIRECTORS' REPORT

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately US$12,050.

DIRECTORS

The directors of the Company during the year were as follows:

Executive directors:

Johnny Chan Kok Chung *(Vice Chairman)*
Ilyas Tariq Khan *(Chief Executive Officer)*

Non-executive directors:

Robert John Richard Owen *(Chairman)*
Ahmad Al-Khaled
Francis Yuen Tin Fan
Junichi Goto (resigned on 21 August 2002)

Independent non-executive directors:

Max Carrol Chapman,Jr. (resigned on 31 December 2002)
Alec Tsui Yiu Wa
Daniel Yen Tzu Chen (appointed on 31 December 2002)

In accordance with article 87 of the Company's Articles of Association, Mr Ahmad Al-Khaled retires by rotation and, being eligible, offers himself for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

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

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

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

DIRECTORS' REMUNERATION

Details of the Company's directors' remuneration are set out in note 22 to the financial statements.

DIRECTORS' INTERESTS IN SECURITIES

(i) Equity interest in the Company

As at 31 December 2002, the interests of the directors of the Company in the shares of the Company ("the Shares") and in the share capital of any of its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("the Exchange") pursuant to section 28 of the SDI Ordinance (including interests which they were taken or deemed to have under section 31 of, or Part 1 of the Schedule to, the SDI Ordinance) or which were required, pursuant to section 29 of the SDI Ordinance, to be entered in the register required to be kept therein, or which were required pursuant to Rules 5.40 to 5.52 of the Rules Governing the Listing of Securities on the GEM of the Exchange (the "GEM Listing Rules") relating to securities transactions by the directors to be notified to the Company and the Exchange were as follows:

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

Note 1: TW Indus Limited held 188,208,147 Shares. Ilyas Tariq Khan beneficially wholly owns TW Indus Limited.

Note 2: ECK & Partners Limited held 325,290,000 Shares. ECK & Partners Limited was beneficially owned as to 61.43% by Ilyas Tariq Khan, as to 20% by Robert John Richard Owen, and as to 18.57% by Johnny Chan Kok Chung. Ilyas Tariq Khan is deemed to have interests in 325,290,000 Shares under the SDI Ordinance since he is entitled to exercise more than one third of the voting power at a general meeting of ECK & Partners Limited.

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

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

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SECURITIES (continued)

(ii) Share options

At the extraordinary general meeting held on 27 March 2002, the Company resolved to terminate its old share option schemes and to adopt a new share option scheme. All options granted under the old share option schemes were cancelled. No director of the Company received any options under the new share option scheme, except as follows:

Name	Effective date	Option shares	Subscription price
Johnny Chan Kok Chung (Note 1)	27 March 2002	2,500,000	HK$0.0704

Note 1: The holding is comprised of 2,500,000 options in which Yuda Udomritthiruj, an employee of a subsidiary of the Company, was interested. Yuda Udomritthiruj is the wife of Johnny Chan Kok Chung and, accordingly, for the purpose of the SDI Ordinance, her options are included in the options held by Johnny Chan Kok Chung.

Details of the share option schemes are set out in note 24 to the financial statements.

(iii) Shares in Crosby Limited, a subsidiary of the Company

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

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

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

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS

As far as the directors are aware, as at 31 December 2002, the holders of 10% or more of the issued share capital of the Company as recorded in the register required to be kept under Section 16(1) of the SDI Ordinance were as follows:

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

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

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

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

Note 4: The total number of shares outstanding as at 31 December 2002 was 2,502,577,245.

Save as disclosed above, the directors are not aware of any other persons who were, as at 31 December 2002, interested in 10% or more of the shares of the Company.

CONNECTED TRANSACTIONS

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

SPONSOR'S INTEREST

As notified by the Company's sponsor, BNP Paribas Peregrine Capital Limited (the "Sponsor"), as at 31 December 2002, Yi Hua Assets Limited , an associate of the Sponsor (as defined in the GEM Listing Rules) held 16,380,675 shares in the Company.

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

Pursuant to the agreement entered into between the Company and the Sponsor, the Sponsor received a fee for acting as the Company's retained sponsor for the period from 17 April 2000 to 31 December 2002. The agreement with the Sponsor was terminated as at 31 December 2002.

DIRECTORS' REPORT

COMPETING INTERESTS

The directors are not aware of any business or interest, as of 31 December 2002, of the directors, initial management shareholders of the Company or their respective associates which was required to be disclosed pursuant to Rule 11.04 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares during the year.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 December 2002, the Group had cash and bank balances of US$11.8 million (2001: US$19.8 million). During the year, the Group utilised US$8.0 million (2001: US$10.2 million) to finance its operating and investing activities.

FOREIGN CURRENCY EXCHANGE EXPOSURE

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

EMPLOYEE INFORMATION

As at 31 December 2002, the Group had 37 full-time employees (2001: 189). Employee remuneration totalled US$9.4 million (2001: US$12.8 million). The salary and benefit levels of the Group's employees are kept at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually.

The Group also operates employee share option scheme, as detailed in note 24 to the financial statements.

BOARD PRACTICES AND PROCEDURES

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

DIRECTORS' REPORT

AUDIT COMMITTEE

As required by Rule 5.23 of the GEM Listing Rules, the Company established an audit committee on 31 March 2000 with written terms of reference in compliance with Rules 5.20 and 5.25 of the GEM Listing Rules which deal clearly with its authority and duties. As at 31 December 2002, the audit committee members comprised Alec Tsui Yiu Wa, Daniel Yen Tzu Chen and Robert John Richard Owen. The committee's principal duties are to review and supervise the Company's financial reporting process and internal control systems. Four meetings were held by the committee during the year.

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

The Company Secretary of the Company is Stephen Christopher Smith. He holds a Joint Honours degree in Economics and Mathematics from the University of Bristol in the United Kingdom, and is a member of the Institute of Chartered Accountants in England and Wales.

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

The Compliance Officer of the Company is Johnny Chan Kok Chung. He holds a post-graduate diploma from the Securities Institute of Australia and is an Associate of the Securities Institute of Australia (ASIA). He also has an MBA in International Business and a BA degree in Economics.

PENSION SCHEME

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

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

The Group's contribution to the HSBC MPF Scheme amounted to US$57,208 for the year.

PRE-EMPTIVE RIGHTS

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

CHANGE OF COMPANY NAME

Pursuant to a special resolution dated 30 April 2002, the company changed its name from "techpacific.com Limited" to "Techpacific Capital Limited" with effect from 6 June 2002.

DIRECTORS' REPORT

AUDITORS

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

For and on behalf of the Board

Ilyas Tariq Khan
Director

20 March 2003

AUDITORS' REPORT

Certified Public Accountants
Hong Kong Member of
Grant Thornton International

Grant Thornton
均富會計師行

To the members of Techpacific Capital Limited
(Formerly known as techpacific.com Limited)
(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 31 to 64 which have been prepared in accordance with International Accounting Standards as promulgated by the International Accounting Standards Board.

Respective responsibilities of directors and auditors

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

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

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2002 and of the Group's loss and cash flows for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Grant Thornton

Grant Thornton
Certified Public Accountants
Hong Kong

20 March 2003

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2002

	Notes	2002 US$	2001 US$
Turnover	3	**4,711,231**	8,528,336
Other revenue	4	**2,421,074**	1,468,874
		7,132,305	9,997,210
Administrative expenses		**(15,867,925)**	(20,719,555)
Distribution expenses		**(165,905)**	(371,960)
Other operating expenses		**(1,923,106)**	(4,744,407)
Finance costs		**(840)**	(111,674)
Loss from operations	3, 5	**(10,825,471)**	(15,950,386)
Amortisation of goodwill		**(159,202)**	(1,706,098)
Provision for impairment of goodwill		**–**	(3,936,226)
Provision for impairment of investments		**(2,312,338)**	(19,587,214)
Provision for impairment of property, plant and equipment		**–**	(342,285)
Provision for impairment of other assets		**(18,231)**	–
Write off of property, plant and equipment		**–**	(639,987)
Share of losses of associates		**(23,444)**	(389,478)
Loss before taxation		**(13,338,686)**	(42,551,674)
Taxation	7	**25,022**	–
Loss after taxation		**(13,313,664)**	(42,551,674)
Minority interests		**(58,060)**	3,926,330
Loss attributable to shareholders		**(13,371,724)**	(38,625,344)
Basic loss per share	8	**(0.53) cent**	(1.55) cents

CONSOLIDATED BALANCE SHEET

As at 31 December 2002

	Notes	2002 US$	2001 US$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	**389,881**	2,471,512
Interests in associates	11	**–**	551,343
Available-for-sale investments	12	**207,921**	2,313,997
Intangible assets	13	**319,025**	473,550
Other assets		**–**	18,232
		916,827	5,828,634
Current assets			
Loan to and current accounts with investee companies	14, 15	**181,159**	626,800
Work-in-progress		**–**	284,004
Debtors, deposits and prepayments	15	**688,840**	1,912,094
Other receivables	16	**253,547**	793,468
Tax recoverable		**4,524**	–
Trading investments	17	**174,387**	246,313
Cash and bank balances		**11,776,868**	19,795,381
		13,079,325	23,658,060
Current liabilities			
Creditors and accrued charges		**737,480**	2,784,374
Deferred income		**96,153**	219,256
Provision for taxation		**38,527**	35,344
Current portion of obligations under finance leases	18	**21,855**	40,952
		894,015	3,079,926
Net current assets		**12,185,310**	20,578,134
Total assets less current liabilities		**13,102,137**	26,406,768
Non-current liabilities			
Provision for deferred taxation		**–**	26,000
Obligations under finance leases	18	**9,564**	33,172
		9,564	59,172
Minority interests		**144,776**	626,809
Net assets		**12,947,797**	25,720,787
CAPITAL AND RESERVES			
Share capital	19	**2,502,577**	2,502,577
Reserves	20	**10,445,220**	23,218,210
Shareholders' funds		**12,947,797**	25,720,787

Johnny Chan Kok Chung
Director

Ilyas Tariq Khan
Director

BALANCE SHEET

As at 31 December 2002

	Notes	2002 US$	2001 US$
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	9	**12,163,665**	24,776,374
Current assets			
Amount due from a related company	14	**7,406**	33,159
Debtors, deposits and prepayments		**212,408**	368,180
Bank balances		**4,265,002**	12,925,419
		4,484,816	13,326,758
Current liabilities			
Creditors and accrued charges		**135,680**	150,289
Amount due to an associate		**18,077**	–
		153,757	150,289
Net current assets		**4,331,059**	13,176,469
Net assets		**16,494,724**	37,952,843
CAPITAL AND RESERVES			
Share capital	19	**2,502,577**	2,502,577
Reserves	20	**13,992,147**	35,450,266
Shareholders' funds		**16,494,724**	37,952,843

Johnny Chan Kok Chung
Director

Ilyas Tariq Khan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2002

	Share capital	Share premium	Capital reserve	Capital redemption reserve	Investment revaluation reserve	Foreign exchange reserve	Retained profits/ (Accumulated losses)	Total
	US$	US$	US$	US$	US$	US$	US$	US$
At 1 January 2001	2,399,677	52,444,245	4,589,275	–	(185,854)	(178,605)	988,937	60,057,675
Issue of new shares for the acquisition of a subsidiary, net	–	–	4,638,918	–	–	–	–	4,638,918
Repurchase of own shares	(11,270)	(234,801)	–	11,270	–	–	(11,270)	(246,071)
Surplus on revaluation	–	–	–	–	72,654	–	–	72,654
Exchange difference on consolidation	–	–	–	–	–	(291,215)	–	(291,215)
Issue of new shares	114,170	–	–	–	–	–	–	114,170
Loss attributable to shareholders	–	–	–	–	–	–	(38,625,344)	(38,625,344)
At 31 December 2001 and 1 January 2002	2,502,577	52,209,444	9,228,193	11,270	(113,200)	(469,820)	(37,647,677)	25,720,787
Disposal of subsidiaries	–	–	(68)	–	–	796,691	–	796,623
Surplus on revaluation	–	–	–	–	827,710	–	–	827,710
Disposal of listed investments	–	–	–	–	(589,819)	–	–	(589,819)
Exchange difference on consolidation	–	–	–	–	–	(435,780)	–	(435,780)
Loss attributable to shareholders	–	–	–	–	–	–	(13,371,724)	(13,371,724)
At 31 December 2002	2,502,577	52,209,444	9,228,125	11,270	124,691	(108,909)	(51,019,401)	12,947,797

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2002

	Notes	**2002** US$	2001 US$
Net cash outflow from operating activities	21(a)	**(9,066,937)**	(13,470,724)
Investing activities			
Interest received		**231,217**	1,172,330
Interest paid		**(840)**	(111,674)
Purchases of property, plant and equipment		**(145,861)**	(701,501)
Proceeds from sale of property, plant and equipment		**25,591**	107,784
Acquisition of investments		**(492,625)**	(914,126)
Proceeds from sale of investments		**2,158,711**	170,569
Acquisition of associates		**–**	(75,266)
Proceeds from sale of an associate		**–**	10,018
Acquisition of subsidiaries, net of cash acquired		**–**	286,026
Acquisition of additional interest in a subsidiary		**(596,510)**	–
Disposal of subsidiaries	21(b)	**(237,523)**	–
Payment of expenses for acquisition of a subsidiary		**–**	(1,101,784)
Net repayment from investee companies		**144,508**	4,683,310
Net advance to other debtors		**–**	(114,591)
Net advance to associates		**–**	(222,098)
Net cash inflow from investing activities		**1,086,668**	3,188,997
Financing activities			
Net repayment to other creditors		**–**	(14,803)
Net repayment to an investee company		**–**	(100,000)
Repayment of finance lease obligations		**(17,148)**	(7,482)
Repurchase of own shares		**–**	(272,454)
Payment of share issuing expenses for acquisition of a subsidiary		**–**	(28,002)
Capital injection from minority shareholders		**–**	464,599
Net cash (outflow)/inflow from financing activities		**(17,148)**	41,858
Net decrease in cash and cash equivalents		**(7,997,417)**	(10,239,869)
Cash and cash equivalents as at 1 January		**19,795,381**	29,964,587
Effect of exchange rate fluctuations		**(21,096)**	70,663
Cash and cash equivalents as at 31 December		**11,776,868**	19,795,381

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

1. GENERAL INFORMATION

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with International Accounting Standards promulgated by the International Accounting Standards Board, and Interpretations promulgated by the International Financial Reporting Interpretations Committee of the IASC. The financial statements are prepared on the historical cost basis except for certain financial instruments.

(b) Basis of consolidation

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

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

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

(c) Subsidiary

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

(d) Associate

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

For the year ended 31 December 2002

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(d) Associate (continued)

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

(e) Investments

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

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

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

(f) Impairment

The carrying amounts of the Group's assets, other than deferred tax assets (refer note 2(m)) , are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognized in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

For the year ended 31 December 2002

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(f) Impairment (continued)

Calculation of recoverable amount

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

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

(g) Intangible assets

(i) Goodwill

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

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

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

(ii) Intellectual properties

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

For the year ended 31 December 2002

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(h) Property, plant and equipment

(i) Measurement bases

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

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

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

(ii) Depreciation

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

Computer hardware and software	25%-50%
Furniture and fixtures	20%-25%
Leasehold improvements	20% or over the terms of the leases
Motor vehicles	25%
Office equipment	20%-33 $^{1}/_{3}$%

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

(i) Operating leases

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

(j) Finance leases

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

For the year ended 31 December 2002

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(k) Financial instruments

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

(l) Foreign currencies

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

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

(m) Taxation

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

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

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

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

For the year ended 31 December 2002

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(n) Revenue

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

- Fees from corporate finance and other advisory services are recognized when the services have been rendered.
- Fees from the placement of shares or loan arrangements for a client are recognized when the shares have been allotted or the loan has been arranged and proceeds received by the client.
- Interest income is recognized as it accrues, taking into account the effective yield on the asset.
- Service income from incubation operations is recognized as it accrues.
- Fund management fees are recognized in accordance with the substance of the relevant agreements.
- e-Services income is recognized when the services have been rendered.
- Equipment rental income is recognized on a straight line basis over the term of the lease.
- Consultancy fee income is recognized in accordance with the substance of the relevant agreements.

(o) Equity-related compensation

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

(p) Segmental reporting

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

(q) Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

3. SEGMENTAL INFORMATION

(a) By business segment (primary segment):

	Investment banking *Note (a)(i)*		(Discontinued) Digital services *Note (a)(ii)*		Incubation service		Unallocated *Note (a)(iii)*		Total	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
	US$	US$	**US$**	US$	**US$**	US$	**US$**	US$	**US$**	US$
Turnover	**2,171,238**	2,036,593	**2,539,993**	6,081,645	**–**	410,098	**–**	–	**4,711,231**	8,528,336
Segment results	**163,680**	(889,514)	**(6,223,617)**	(9,626,735)	**–**	(692,158)			**(6,059,937)**	(11,208,407)
Unallocated loss from operations							**(4,765,534)**	(4,741,979)	**(4,765,534)**	(4,741,979)
Loss from operations									**(10,825,471)**	(15,950,386)
Amortisation of goodwill							**(159,202)**	(1,706,098)	**(159,202)**	(1,706,098)
Provision for impairment of goodwill							**–**	(3,936,226)	**–**	(3,936,226)
Provision for impairment of investments	**–**	–	**–**	(2,156,705)	**–**	–	**(2,312,338)**	(17,430,509)	**(2,312,338)**	(19,587,214)
Provision for impairment loss of property, plant and equipment	**–**	–	**–**	(342,285)	**–**	–	**–**	–	**–**	(342,285)
Provision for impairment of other assets	**(18,231)**	–	**–**	–	**–**	–	**–**	–	**(18,231)**	–
Write off of property, plant and equipment	**–**	–	**–**	(386,267)	**–**	(153,097)	**–**	(100,623)	**–**	(639,987)
Share of losses of associates							**(23,444)**	(389,478)	**(23,444)**	(389,478)
Loss before taxation									**(13,338,686)**	(42,551,674)
Taxation									**25,022**	–
Loss after taxation									**(13,313,664)**	(42,551,674)
Minority interests									**(58,060)**	3,926,330
Loss attributable to shareholders									**(13,371,724)**	(38,625,344)
Segment assets	**899,994**	3,960,392	**–**	4,137,180	**–**	1,183,417	**38,622,727**	97,640,933	**39,522,721**	106,921,922
Elimination									**(25,526,569)**	(77,435,228)
Total assets									**13,996,152**	29,486,694
Segment liabilities	**6,289,679**	5,841,128	**–**	11,473,049	**–**	2,497,294	**54,444,955**	44,544,837	**60,734,634**	64,356,308
Elimination									**(59,831,055)**	(61,217,210)
Total liabilities									**903,579**	3,139,098
Capital expenditure	**36,956**	80,883	**42,589**	405,854	**–**	112,130	**66,316**	173,185	**145,861**	772,052
Depreciation	**32,912**	24,742	**661,375**	1,570,623	**–**	177,308	**428,574**	341,272	**1,122,861**	2,113,945
Provision/(write back) for doubtful debts	**125,831**	683,944	**–**	(1,522)	**–**	109,419	**783,985**	953,176	**909,816**	1,745,017

For the year ended 31 December 2002

3. SEGMENTAL INFORMATION (continued)

(a) By business segment (primary segment): (continued)

(i) Investment banking operations comprise the provision of corporate finance and other advisory services, placement of shares or loan arrangements, fund management services and consultancy services.

(ii) Digital services operations comprise the provision of e-Services and equipment rental by mainly the Spike Group, which ceased operations during the year (note 6).

(iii) Unallocated items mainly consist of the corporate management office, incubation services for the year (classified as other revenue for the year) and any items that cannot be reasonably allocated to specific business segments.

(b) By geographical segment (secondary segment):

	Asia		Australia		Elimination		Total	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001
	US$	US$	**US$**	US$	**US$**	US$	**US$**	US$
Turnover from principal place of operation	**3,228,721**	5,583,305	**1,482,510**	2,945,031	**–**	–	**4,711,231**	8,528,336
Segment assets	**39,522,721**	103,553,686	**–**	3,368,236	**(25,526,569)**	(77,435,228)	**13,996,152**	29,486,694
Capital expenditure	**103,272**	670,243	**42,589**	101,809	**–**	–	**145,861**	772,052

4. OTHER REVENUE

	2002	2001
	US$	US$
Bad debt recovery	**53,887**	–
Bank interest income	**201,425**	919,357
Other interest income	**15,373**	222,816
Incubation service fee income	**116,218**	–
Profit on disposal of subsidiaries	**762,841**	163,810
Profit on disposal of investments	**1,163,970**	30,399
Profit on disposal of associates	**75,950**	–
Others	**31,410**	132,492
	2,421,074	1,468,874

For the year ended 31 December 2002

5. LOSS FROM OPERATIONS

	2002	2001
	US$	US$
Loss from operations is arrived at after charging:		
Amortisation of intellectual properties	**11,989**	21,917
Auditors' remuneration	**98,578**	247,590
Fair value adjustment on trading investments	**114,782**	83,503
Depreciation:		
– owned assets	**1,116,209**	2,103,299
– assets under finance leases	**6,652**	10,646
Interest expenses	**840**	111,674
Loss on disposal of a subsidiary	**1,201**	–
Loss on disposal of associates and investments	**16,239**	34,803
Loss on disposal of property, plant and equipment	**52,280**	269,818
Operating leases in respect of rented premises	**1,107,461**	1,578,608
Provident fund contribution	**57,208**	54,000
Provision for doubtful debts	**909,816**	1,745,017
Staff costs (excluding directors' remuneration)	**9,444,196**	12,844,369

6. DISPOSAL OF SUBSIDIARIES AND DISCONTINUING OPERATIONS

During the year, the board of directors of one of the Company's subsidiaries, Spike Limited was put into liquidation. Spike Limited's subsidiaries included Spike (Australia) Pty Limited, Spike (Hong Kong) Limited, Spike (Singapore) Pte Limited and Spike (Japan) Limited (the "Spike Group"). The directors consider that the Group's control over the Spike Group effectively ceased on 30 June 2002. The disposal constituted a discontinuance of provision of digital services.

The results of the Spike Group for the period from 1 January 2002 to the date of disposal of 30 June 2002, which have been included in the consolidated income statement, were as follows:

	1 January 2002 to 30 June 2002	Year ended 31 December 2001
	US$	US$
Revenue	**2,520,027**	6,176,019
Operating expenses	**(8,743,644)**	(16,539,083)
Loss before tax	**(6,223,617)**	(10,363,064)
Taxation	**–**	–
Net loss	**(6,223,617)**	(10,363,064)

For the year ended 31 December 2002

6. DISPOSAL OF SUBSIDIARIES AND DISCONTINUING OPERATIONS (continued)

The assets and liabilities of the Spike Group as at the date of disposal of 30 June 2002 are as follows:

	30 June 2002	31 December 2001
	US$	US$
Non-current assets	**1,216,375**	1,691,982
Current assets	**1,560,559**	2,063,440
Current liabilities	**(3,780,667)**	(1,648,049)
Non-current liabilities	**(12,518,959)**	(8,721,916)
Net liabilities	**(13,522,692)**	(6,614,543)

The profit on disposal of the Spike Group is as follows:

	US$
Net liabilities of the Spike Group upon disposal	**13,522,692**
Minority interests	**(232,690)**
Closure costs	**(391,663)**
Write-off of loan to the Spike Group	**(11,338,976)**
Exchange reserve	**(796,522)**
Profit on disposal of the Spike Group	**762,841**

7. TAXATION

	2002	2001
	US$	US$
Current tax		
Overseas tax	**(978)**	–
Deferred tax		
Hong Kong profits tax – overprovision in prior years written back	**26,000**	–
	25,022	–

No Hong Kong profits tax has been provided in the financial statements as the Group did not make any assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

No recognition of potential deferred tax assets relating to tax losses of the Group has been made as the recoverability of the potential tax assets is uncertain.

For the year ended 31 December 2002

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to shareholders of US$13,371,724 (2001: US$38,625,344) and the weighted average number of ordinary shares of 2,502,577,245 (2001: 2,493,487,108) in issue during the year.

(b) Diluted loss per share

No diluted loss per share for the year ended 31 December 2002 is shown as the outstanding share options were anti-dilutive.

9. INTERESTS IN SUBSIDIARIES

	Company	
	2002	2001
	US$	US$
Investments at cost		
Unlisted shares, outside Hong Kong	**1**	1
Amounts due from subsidiaries	**56,393,249**	49,257,459
Less: Provision for doubtful debts	**(43,673,107)**	(22,656,681)
	12,720,143	26,600,779
Amounts due to subsidiaries	**(556,478)**	(1,824,405)
	12,163,665	24,776,374

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

Particulars of the principal subsidiaries as at 31 December 2002 are as follows:

Name	Place of incorporation	Nominal value of issued capital	Percentage of issued capital held indirectly/directly* 2002	2001	Principal activities
Crosby Limited	Hong Kong	US$2,992,885	**99.9%**	99.9%	Provision of financial advisory and corporate services
techpacific.com (BVI) Limited	British Virgin Islands	US$0.01	**100%***	100%*	Investment holding

For the year ended 31 December 2002

9. INTERESTS IN SUBSIDIARIES (continued)

Name	Place of incorporation	Nominal value of issued capital	Percentage of issued capital held indirectly/directly* 2002	2001	Principal activities
techpacific.com (BVI) Investments Limited	British Virgin Islands	US$1	**100%**	100%	Investment holding
techpacific.com Investments Limited	Cayman Islands	US$2	**100%**	100%	Investment holding
Techpacific Venture Capital Limited	British Virgin Islands	US$1	**100%**	100%	Investment holding
TechPacific Corporate Finance Limited	Hong Kong	HK$1	**99.9%**	99.9%	Provision of financial advisory services
techpacific.com Venture Capital Limited	British Virgin Islands	US$1,000	**75.1%**	75.1%	Fund management
Nirvana Pacific Capital Limited	Cayman Islands	US$3,000	**100%**	100%	Investment holding
Softech Investment Management Company Limited	Hong Kong	HK$5,020	**50%**	50%	Fund management
tp Labs Limited	Hong Kong	HK$1,000	**100%**	100%	Incubation services
Crosby Limited (formerly known as Techpacific (Korea) Limited)	Korea	KW50,000,000	**100%**	60%	Provision of financial advisory services
techpacific.com Digital Limited	Cayman Islands	US$1	**100%**	100%	Investment holding
techpacific Corporate Finance International Limited	British Virgin Islands	US$100	**100%**	100%	Provision of financial advisory services
techpacific.com Pte Limited	Singapore	S$2	**100%**	100%	Provision of corporate services
PT Crosby Indonesia	Indonesia	US$25,000	**99.9%**	–	Provision of financial advisory services
Crosby Asia Holdings Limited	British Virgin Islands	US$200	**100%**	100%	Investment holding

For the year ended 31 December 2002

9. INTERESTS IN SUBSIDIARIES (continued)

Name	Place of incorporation	Nominal value of issued capital	Percentage of issued capital held indirectly/directly* 2002	2001	Principal activities
Crosby Asset Management (Hong Kong) Limited	Hong Kong	HK$1,002	**100%**	100%	Provision of investment advisory and fund administration services
Crosby Advisory (Singapore) Pte Limited	Singapore	S$12,560,000	**95%**	95%	Provision of financial advisory services

10. PROPERTY, PLANT AND EQUIPMENT

Group

	Computer hardware and software	Furniture and fixtures	Leasehold improvements	Motor vehicles	Office equipment	Total
	US$	US$	US$	US$	US$	US$
Cost						
At 1 January 2002	3,497,574	596,515	1,431,596	131,846	310,105	5,967,636
Additions	41,057	21,224	27,454	45,236	10,890	145,861
Disposals	(390,479)	(10,289)	(70,748)	(8,244)	(18,057)	(497,817)
Disposal of subsidiaries	(3,241,048)	(377,255)	(1,030,068)	(67,728)	(133,116)	(4,849,215)
Exchange adjustments	271,572	36,123	101,908	7,049	13,720	430,372
At 31 December 2002	**178,676**	**266,318**	**460,142**	**108,159**	**183,542**	**1,196,837**
Accumulated depreciation and impairment						
At 1 January 2002	2,784,381	193,831	355,047	42,252	120,613	3,496,124
Charge for the year	571,141	84,812	366,592	27,674	72,642	1,122,861
Disposals	(362,338)	(2,687)	(17,601)	–	(5,885)	(388,511)
Disposal of subsidiaries	(3,065,214)	(169,572)	(372,460)	(15,802)	(58,337)	(3,681,385)
Exchange adjustments	211,153	12,826	28,625	976	4,287	257,867
At 31 December 2002	**139,123**	**119,210**	**360,203**	**55,100**	**133,320**	**806,956**
Net book value						
At 31 December 2002	**39,553**	**147,108**	**99,939**	**53,059**	**50,222**	**389,881**
At 31 December 2001	713,193	402,684	1,076,549	89,594	189,492	2,471,512

Included in motor vehicles above is a motor vehicle with a net book value of US$38,584 (2001: US$59,387) held under a finance lease.

For the year ended 31 December 2002

11. INTERESTS IN ASSOCIATES

		Group	
		2002	2001
	Notes	**US$**	US$
Share of net liabilities other than goodwill		**(164,153)**	(174,919)
Premium on acquisition		**559,498**	569,123
		395,345	394,204
Less: Provision for impairment		**(377,657)**	(311,400)
	(a)	**17,688**	82,804
Investments at cost less provision for impairment	(b)	**–**	392,138
		17,688	474,942
Amounts due from associates (Note 15)		**13,292**	76,401
Amount due to an associate		**(30,980)**	–
		–	551,343

(a) Particulars of those associates that are accounted for under the equity method, at 31 December 2002, are as follows:

Name	Place of incorporation	Percentage of issued capital held indirectly 2002	2001	Principal activities
Henderson Baillieu Limited (Formerly known as Techpursuit.com Holdings Limited)	Cayman Islands	**40%**	40%	Executive search
Upstream Asia Limited	British Virgin Islands	**27.05%**	32.48%	Technology marketing and promotion

For the year ended 31 December 2002

11. INTERESTS IN ASSOCIATES (continued)

(b) Investments in those associates that are acquired and held exclusively with a view to their disposal in the near future are accounted for at cost, as reduced by any impairment losses recognized. The particulars of such associates as at 31 December 2002 are as follows:

Name	Place of incorporation	Percentage of issued capital held indirectly		Principal activities
		2002	2001	
Asset Publishing and Research Asia Limited	British Virgin Islands	**34.6%**	34.6%	Research and magazine publishing
OpenIBN Technology Holdings Limited	British Virgin Islands	**30%**	30%	Provision of corporate fund raising services

12. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2002	2001
	US$	US$
Unlisted investments		
Convertible bonds and loans	**93,939**	657,573
Convertible preference shares	**2,277,661**	2,229,608
Debenture	**71,795**	–
Ordinary shares, at cost	**7,724,291**	8,930,342
	10,167,686	11,817,523
Less: Provision for impairment	**(10,095,848)**	(9,796,740)
	71,838	2,020,783
Listed investments		
Ordinary shares, at fair value	**136,083**	293,214
	207,921	2,313,997

For the year ended 31 December 2002

13. INTANGIBLE ASSETS

Group

	Goodwill	Intellectual properties	Total
	US$	US$	US$
Cost			
At 1 January 2002	6,056,064	183,042	6,239,106
Acquisition of additional interest in a subsidiary	64,487	–	64,487
Disposal of subsidiaries	(5,626,824)	(183,042)	(5,809,866)
At 31 December 2002	**493,727**	**–**	**493,727**
Accumulated amortisation and impairment			
At 1 January 2002	5,642,324	123,232	5,765,556
Amortisation for the year	159,202	11,989	171,191
Disposal of subsidiaries	(5,626,824)	(135,221)	(5,762,045)
At 31 December 2002	**174,702**	**–**	**174,702**
Net book value			
At 31 December 2002	**319,025**	**–**	**319,025**
At 31 December 2001	413,740	59,810	473,550

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

Included in the balances in the consolidated balance sheet and the Company balance sheet are US$178,956 (2001: US$588,513) and US$7,406 (2001: US$33,159) respectively due from Nirvana Capital Limited which is a fund managed by the Group and in which the Group has an investment of US$0.6 million (2001:US$1 million). The unsecured amount due from Nirvana Capital Limited have no fixed terms of repayment and are interest free.

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

15. TRADE DEBTORS

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

At the balance sheet date, included in debtors, deposits and prepayments are trade debtors of US$83,404 (2001: US$906,090). Trade debtors of US$nil (2001: US$138,039) and US$13,292 (2001: US$35,628) are included in amounts due from investee companies and associates respectively.

	Group	
	2002	2001
	US$	US$
0-30 Days	**43,082**	575,975
31-60 Days	**128**	363,904
61-90 Days	**5,897**	42,498
Over 90 Days	**47,589**	97,380
	96,696	1,079,757

16. OTHER RECEIVABLES

Included in this balance are staff loans and advances of US$227,252 (2001: US$385,572) and a loan to an officer of US$20,641 (2001: US$400,871). Such loans and advances were granted at the discretion of the management and were for the purpose of assisting employees to buy the Company's shares prior to the Company's initial public offering and for other purposes. The loans and advances are partially or wholly secured by the borrowers' shares in the Company and repayable by instalment as agreed with the borrowers.

The details of the loan to an officer during 2002 falling to be disclosed under S.161B of the Hong Kong Companies Ordinance are as follows:

Name	**Capacity**	**At 1 January 2002 US$**	**Maximum amount during 2002 US$**	**At 31 December 2002 US$**
Stephen Christopher Smith	Company Secretary	34,734	34,734	20,641

Mr Smith was appointed Company Secretary on 23 September 2002. The loan relating to Mr Smith was granted prior to the Company's initial public offering and was disclosed as part of staff loans and advances in the 2001 Annual Report and Accounts. The loan has been repaid in full subsequent to the balance sheet date.

The loan to an officer during 2001 relates to Mr Chow Wan Hoi, Paul who resigned as Company Secretary and as an employee on 12 May 2001. The loan balance as at 31 December 2002 was US$304,832 (2001: US$400,871), is interest free and repayable in instalments of US$2,000 per month, a lump sum repayment of US$100,000 on 30 June 2003 and the balance to be repaid on or before 30 September 2003.

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16. OTHER RECEIVABLES (continued)

In addition to several of the monthly instalments due in 2002 not being made, a US$100,000 repayment scheduled for 30 September 2002 was not received until after the balance sheet date. The loan is therefore viewed as impaired and a US$202,588 provision has been made to reduce the net carrying value of Mr Chow's loan to the amount the Company is highly assured to recover. The Company holds 500,000 of Mr Chow's shares in the Company as security. An amount of US$102,244 is included in other receivables as at 31 December 2002.

17. TRADING INVESTMENTS

	Group	
	2002	2001
	US$	US$
Listed investments		
Ordinary shares, at fair value		
Hong Kong	**174,387**	–
Overseas	**–**	246,313
	174,387	246,313

18. OBLIGATIONS UNDER FINANCE LEASES

(a) Finance lease liabilities - minimum lease payments:

	Group	
	2002	2001
	US$	US$
Due within one year	**23,340**	45,102
Due in the second to fifth years	**9,725**	35,012
	33,065	80,114
Future finance charges on finance leases	**(1,646)**	(5,990)
Present value of finance lease liabilities	**31,419**	74,124

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18. OBLIGATIONS UNDER FINANCE LEASES (continued)

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

	Group	
	2002	2001
	US$	US$
Due within one year	**21,855**	40,952
Due in the second to fifth years	**9,564**	33,172
	31,419	74,124

19. SHARE CAPITAL

Company

	Number of ordinary shares	Number of convertible redeemable preference shares	Value
			US$
Authorized (par value of US$0.001 each)	20,000,000,000	1,000,000	20,001,000
Issued and fully paid (par value of US$0.001 each)			
At 31 December 2001 and 31 December 2002	2,502,577,245	–	2,502,577

There was no change in the authorised share capital during the two years ended 31 December 2001 and 2002.

20. RESERVES

	Group	
	2002	2001
	US$	US$
Share premium	**52,209,444**	52,209,444
Capital reserve	**9,228,125**	9,228,193
Capital redemption reserve	**11,270**	11,270
Investment revaluation reserve	**124,691**	(113,200)
Foreign exchange reserve	**(108,909)**	(469,820)
Accumulated losses	**(51,019,401)**	(37,647,677)
	10,445,220	23,218,210

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20. RESERVES (continued)

Company

	Share premium	Capital redemption reserve	Capital reserve	Retained profits/ (Accumulated losses)	Total
	US$	US$	US$	US$	US$
At 1 January 2001	52,444,245	–	–	1,175,597	53,619,842
Issue of new shares for the acquisition of a subsidiary, net	–	–	4,639,099	–	4,639,099
Repurchase of own shares	(234,801)	11,270	–	(11,270)	(234,801)
Loss for the year	–	–	–	(22,573,874)	(22,573,874)
At 31 December 2001 and 1 January 2002	52,209,444	11,270	4,639,099	(21,409,547)	35,450,266
Loss for the year	–	–	–	(21,458,119)	(21,458,119)
At 31 December 2002	**52,209,444**	**11,270**	**4,639,099**	**(42,867,666)**	**13,992,147**

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

	2002	2001
	US$	US$
Accumulated losses	**(42,867,666)**	(21,409,547)
Capital reserve	**4,639,099**	4,639,099
Share premium	**52,209,444**	52,209,444
	13,980,877	35,438,996

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21. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	2002	2001
	US$	US$
Cash flows from operating activities		
Loss before taxation and minority interests	**(13,338,686)**	(42,551,674)
Share of losses of associates	**23,444**	389,478
Interest income	**(216,798)**	(1,142,173)
Interest expenses	**840**	111,674
Tax paid	**(1,151)**	–
Depreciation of property, plant and equipment	**1,122,861**	2,113,945
Amortisation of intellectual properties	**11,989**	21,917
Loss on disposal of property, plant and equipment	**52,280**	269,818
Write off of property, plant and equipment	**–**	639,987
Provision for impairment of property, plant and equipment	**–**	342,285
Provision for impairment of other assets	**18,231**	–
Profit on disposal of associates and investments	**(1,239,920)**	(30,399)
Loss on disposal of a subsidiary, associates and investments	**17,440**	34,803
Profit on disposal of subsidiaries	**(762,841)**	(163,810)
Fair value adjustment in trading investments	**114,782**	83,503
Provision for impairment of investments	**2,312,338**	19,587,214
Provision for impairment of goodwill	**–**	3,936,226
Amortisation of goodwill	**159,202**	1,706,098
Bad debts recovery	**(53,887)**	–
Provision for doubtful debts	**909,816**	1,745,017
Decrease in other receivables	**180,909**	228,353
Decrease in amount due from an associate	**63,109**	–
Decrease/(Increase) in work-in-progress	**43,661**	(482,590)
Increase in debtors, deposits and prepayments	**(212,352)**	(151,515)
Increase in tax recoverable	**(5,470)**	–
Increase in creditors and accrued charges	**1,363,073**	799,039
Increase/(Decrease) in deferred income	**401,402**	(953,047)
Increase in amount due to an associate	**30,980**	–
Decrease in amount due to minority shareholder	**(62,189)**	(4,873)
Net cash outflow from operating activities	**(9,066,937)**	(13,470,724)

(b) Disposal of subsidiaries

	US$
Net cash outflow arising on disposal:	
Cash consideration	**2,109**
Cash and bank balances disposed of	**(239,632)**
	(237,523)

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22. DIRECTORS' REMUNERATION AND EMPLOYEES' REMUNERATION

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

	2002	2001
	US$	US$
Fees	**43,443**	30,053
Other emoluments		
Salaries, allowances and benefits in kind	**622,396**	555,005
Provident fund contribution	**4,615**	–
	627,011	555,005
	670,454	585,058

Effective from 8 November 2002, two executive directors waived 10% of their salary entitlement until further notice and US$5,889 of their remuneration was waived during the year.

Fees include US$10,000 (2001: US$nil) payable to the non-executive directors and US$33,443 (2001: US$30,053) payable to the independent non-executive directors. Other emoluments payable to the non-executive and independent non-executive directors during the year amounted to US$69,551 (2001: US$nil).

	Number of directors	
	2002	2001
Emoluments band		
US$Nil to US$129,000	**5**	6
US$129,001 to US$193,000	**–**	1
US$193,001 to US$257,000	**3**	2

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

(b) Details of emoluments paid to the five highest paid individuals are as follows:

	2002	2001
	US$	US$
Salaries, allowances and benefits in kind	**814,198**	883,404
Bonus paid and payable	**450,000**	375,000
Provident fund contribution	**3,975**	–
Compensation paid and payable	**83,333**	–
	1,351,506	1,258,404
Number of directors	**1**	1
Number of employees	**4**	4

	Number of individuals	
	2002	2001
Emoluments band		
US$193,001 to US$257,000	**2**	4
US$257,001 to US$321,000	**3**	–
US$321,001 to US$385,000	**–**	1

23. FINANCIAL INSTRUMENTS

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

(a) Credit risks

Cash and bank balances

The Group's bank balances were mainly with leading banks in Hong Kong.

Loans and other receivables

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

(b) Fair values

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

24. EQUITY COMPENSATION BENEFITS

On 27 March 2002, the Pre-IPO Share Option Plan (as approved by the shareholders of Crosby Limited on 2 July 1999 and novated to the Company on 28 March 2000) and the Old Share Option Plan (adopted by the Company on 3 April 2000) were terminated, all options granted under those schemes were cancelled and a New Share Option Scheme was adopted.

As at 31 December 2002, options to subscribe for an aggregate of 167,200,000 ordinary shares of US$0.001 each in the Company were outstanding pursuant to the New Share Option Scheme. The options were granted in exchange for the options cancelled under the old schemes and no further consideration was paid by the employees on acceptance of the grant of the new options.

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

In accordance with Note 2 of Rule 23.03(3) of the GEM Listing Rules, the number of shares in respect of which options may be granted under the New Share Option Scheme shall not exceed 30% of the shares of the Company in issue from time to time.

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24. EQUITY COMPENSATION BENEFITS (continued)

The total number of shares available for issue under options granted pursuant to the New Share Option Scheme must not in aggregate exceed 10 percent of the total number of shares in issue as at the date of approval of the New Share Option Scheme (the "Scheme Mandate Limit"), unless shareholders' approval has been obtained. Options lapsed in accordance with the terms of the New Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.

The total number of the shares issued and to be issued upon exercise of options granted (whether or not cancelled) and to be granted under the New Share Option Scheme to any eligible person (including both exercised and outstanding options) in any 12-month period up to the date of grant to such eligible person shall not exceed 1 percent of the issued shares from time to time (the "1 percent Limit"). Any grant of options in excess of the 1 percent Limit is subject to shareholders' approval with that eligible person and his Associates (as defined in the GEM Listing Rules) abstaining from voting.

An option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period (which shall not be less than one year and not more than ten years) as notified to each grantee. Options granted under the New Share Option Scheme are exercisable as follows:

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

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

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

Movements of the share options granted under the Pre-IPO Share Option Plan and the Old Share Option Plan during the year were as follows:

	Exercise price			
Options outstanding	**HK$0.19**	**HK$0.20**	**HK$0.47**	**HK$1.05**
At 1 January 2002	138,304,014	94,006,330	187,157,925	68,148,255
Lapsed during the period to 27 March 2002	(138,304,014)	(94,006,330)	(187,157,925)	(68,148,255)
At 31 December 2002	–	–	–	–

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24. EQUITY COMPENSATION BENEFITS (continued)

Movements of the share options granted under the New Share Option Scheme during the year are as follows:

Options outstanding	Exercise price HK$0.0704
Options granted during March 2002	248,244,700
Lapsed during the year	(81,044,700)
At 31 December 2002	**167,200,000**

25. COMMITMENTS

(a) At 31 December 2002, the total future minimum lease payments of the Group and the Company under non-cancellable operating leases are payable as follows:

	Group 2002		Group 2001	
	Properties	**Others**	Properties	Others
	US$	**US$**	US$	US$
Within one year	**355,134**	–	1,237,196	304,003
In the second to fifth years	**18,241**	–	1,696,089	207,383
	373,375	–	2,933,285	511,386

The Group leases a number of properties under operating leases in Hong Kong and overseas. The majority of the leases will expire within one year of the balance sheet date. None of the leases includes contingent rentals.

The Company had no commitments under non-cancellable operating leases.

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25. COMMITMENTS (continued)

(b) At 31 December 2002, details of the Group's capital commitments are as follows:

	Group	
	2002	2001
	US$	US$
Contracted but not provided for	**119,000**	–

The Company had no capital commitment as at 31 December 2002.

26. RELATED PARTY TRANSACTIONS

Identity of related parties:

The Group has a related party relationship with its directors and executive officers, and with certain investee companies.

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

	2002	2001
	US$	US$
Advertising and marketing expenses to an associate	**(38,230)**	(44,525)
Corporate finance and other advisory fees from investee companies	**170,000**	130,947
Consultancy and technical support fees paid to shareholder of a subsidiary	**(81,251)**	(128,000)
Fund management fee income from an investee company	**420,098**	531,169
Incubation services income from an associate	**53,865**	139,263
Investments made by an investee company on behalf of the Group (held in the name of the investee company)	**(182,876)**	(495,461)
Sales proceeds of investment received by an investee company on behalf of the Group	**93,721**	–

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27. CONTINGENCIES

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

28. COMPARATIVE FIGURES

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

29. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 20 March 2003.

FINANCIAL SUMMARY

The following is a summary of the consolidated results of the Group for the last three financial years.

	2002		2001		2000
	Techpacific Group excluding Spike	**Spike (Discontinued)**	Techpacific Group excluding Spike	Spike (Discontinued)	Techpacific Group
	US$'000	**US$'000**	US$'000	US$'000	US$'000
Turnover	**2,198**	**2,513**	2,639	5,889	5,335
(Loss)/Profit before taxation	**(7,116)**	**(6,223)**	(32,189)	(10,363)	877
Taxation	**25**	–	–	–	(28)
(Loss)/Profit after taxation	**(7,091)**	**(6,223)**	(32,189)	(10,363)	849
Minority interests	**(58)**	–	175	3,751	39
(Loss)/Profit attributable to shareholders	**(7,149)**	**(6,223)**	(32,014)	(6,612)	888

The following is a summary of the total assets and liabilities of the Group as at the year end date for each of the three years ended 31 December.

	2002	2001	2000
	US$'000	US$'000	US$'000
Total assets	**13,996**	29,487	61,921
Total liabilities	**(903)**	(3,139)	(1,045)
	13,093	26,348	60,876
Minority interests	**(145)**	(627)	(818)
Shareholders' funds	**12,948**	25,721	60,058