TECHPACIFIC CAPITAL LIMITED

2003
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 report, 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 report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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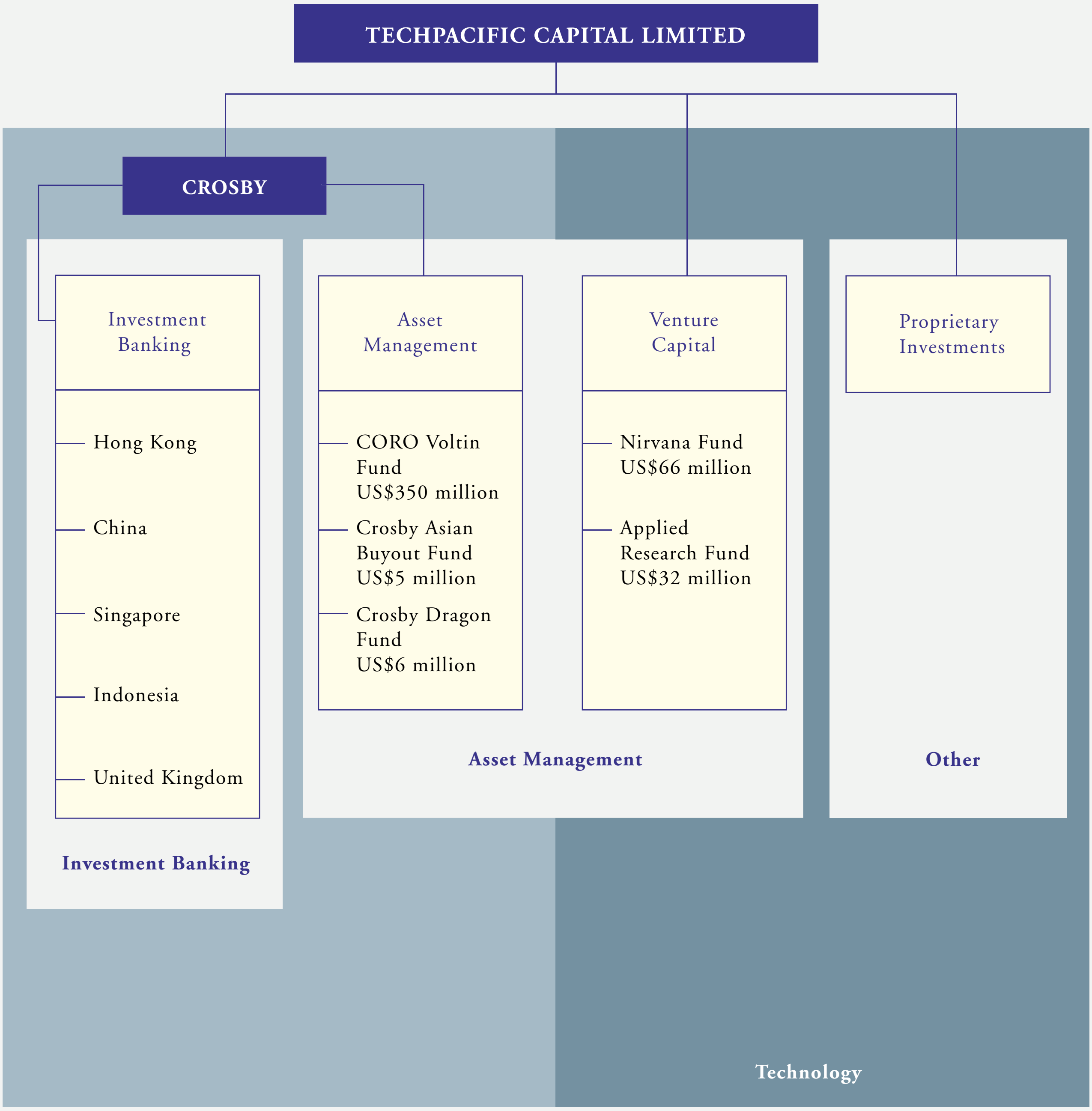
The Chinese version of this annual report is provided for reference only.
In the event of any inconsistency between the Chinese and English versions, the English version shall prevail.

GROUP DIVISIONAL STRUCTURE



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).

The Group operates the following complementary lines of business:

The Group's investment banking operations raises equity and debt capital for issuers and borrowers in Asia and elsewhere from a network of corporate and institutional investors. It also 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 operations acts as portfolio manager of the following three main 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 SAR Government's Applied Research Fund (which is managed via Softech Investment Management Company Limited ("Softech"), a joint venture between Techpacific and SIIS Investment Management Limited (Formerly known as 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 Business Review.

The Group has developed two distinct product lines:

*"**Techpacific Business**" – the regional investment vehicle for start-up and seed capital investments in the technology sector and the technology venture capital asset management business; and*

*"**Crosby Business**" – a broadly-based independent, cross-border, investment banking and asset management business.*

CHAIRMAN'S REPORT

2003 for Techpacific Capital Limited ("Techpacific" or the "Company" and, together with its subsidiaries, the "Group") showed an improvement over 2002. Turnover increased to US$3.148 million compared to US$2.198 million for the previous year, excluding the turnover derived from the Group's discontinued business (Spike) which was placed into liquidation during 2002. On this same basis, the loss attributable to shareholders for 2003 decreased to US$4.369 million from US$7.148 million. This decrease was achieved despite a difficult operating environment for the Group during the first half of the year arising from the uncertainty that preceded the war in Iraq and from the outbreak of Severe Acute Respiratory Syndrome in Greater China and to some extent South East Asia.

Following the formal approval of shareholders in March 2002, the Group implemented a change in its mix of business. Instead of being focused solely on corporate finance and venture capital in the technology sector, the scope of the Group's activities widened into investment banking and asset management across a broader spectrum of sectors and products. The Group has now developed two distinct product lines:

> *the "**Techpacific Business**", being the regional investment vehicle for start-up and seed capital investments in the technology sector and the technology venture capital asset management business; and*
>
> *the "**Crosby Business**", being a broadly-based independent, cross-border, investment banking and asset management business.*

During 2003, the process of clearly segregating these product lines under independent structures commenced. It was completed in early 2004. This restructuring afforded the following benefits for the Group going forward:

- it provides a clear focus for the team managing each of the respective businesses;
- it makes each business financially independent of the other and thus able to implement strategy without the risk of depriving the other of resources;
- it positions the relatively mature Techpacific Business to take advantage of the current turnaround in the technology sector;
- it reduces the overheads carried by the Techpacific Business, thus assisting it towards its objective of operating profitably and generating positive cashflow;
- it limits the investment of the Techpacific Business in the Crosby Business but still allows Techpacific shareholders to benefit from the future growth of Crosby; and
- it provides an opportunity for the Crosby Business to raise new equity at its own stand-alone valuation, independent of the valuation attributed to the Company, to finance its continued expansion.

In mid 2003, Crosby was fortunate to attract a new and dedicated Chief Executive Officer, Mr. Simon Fry. Mr. Fry has a wealth of experience and an outstanding track record in investment banking and asset management. His skills and experience complement the experience of the existing senior management team. Despite the short time since his appointment, the Group is already starting to benefit from his experience and relationships through the development of new potential asset management products and the attraction of new investors to Crosby. In this context, I would like to note that, at the time of finalising this report, the Company is at an advanced stage in negotiations which, it is hoped, will lead to the admission of Crosby to the Alternative Investment Market of the London Stock Exchange, through a reverse acquisition and simultaneous placing of new shares. The immediate effect of this transaction is expected to be that additional funding of at least US$2.5 million will be available to the Group. This significant development, as well as the related valuation attributed to Crosby, are due in large to the reputation of Mr. Fry in the European capital markets.

Techpacific Business is now better positioned to take advantage of the current turn-around in the technology sector

Outlook

Entering 2004, Techpacific Capital Limited is the holding company of two distinct businesses, each with its own focus and potential for growth.

The Techpacific Business is now better positioned to take advantage of the present turn-around in the technology sector through potential recoveries from its remaining portfolio of investments in early stage technology companies, some of which are now beginning to emerge from the downturn in investor interest in technology companies.

> *Crosby continues to develop as an independent investment banking and asset management firm*

Crosby continues to develop as an independent investment banking and asset management firm focused particularly on China and South-East Asia, with a growing European presence. By using the proven investment banking skills of its senior executive team, maintaining a modest cost base and targeting particular market niches and transactional opportunities (sometimes acting as principal as well as adviser), Crosby aims to achieve a high rate of return on its shareholders' capital. While the investment banking business has the capability to earn substantial fees from individual transactions, the asset management division is building up a valuable recurrent revenue stream from its growing pool of funds under management.

Finally, I would like to thank the staff of Techpacific and Crosby for the hard work and commitment they have consistently shown during the last, at times difficult, year. With their continued support, I look forward to the considerably improved prospects which I believe now lies ahead of us.

Robert Owen

Chairman

17 March 2004

Techpacific Business will center on expanding the technology – focused venture capital management business... while Crosby Business has a healthy pipeline of mandated Greater China investment banking deals with a number of additional funds developing under asset management

BUSINESS REVIEW

The Group continued to manage two technology-focused venture capital funds, Nirvana Capital Limited and the Hong Kong SAR Government's Applied Research Fund

THE TECHPACIFIC BUSINESS

Technology Venture Capital Asset Management

The Group continued to manage two technology-focused venture capital funds, Nirvana Capital Limited (the "Nirvana Fund") and the Hong Kong SAR Government's Applied Research Fund ("ARF"), through Techpacific Venture Capital Limited detailed below:

ARF

Softech Investment Management Company Limited ("Softech") is a 50:50 joint venture company with Softbank, which is the approved manager of the ARF. The ARF is a HK$750 million fund, of which Softech manages HK$250 million, whose purpose is to provide funding support to Hong Kong-based technology ventures and research and development projects that have commercial potential. The longer-term objective of the ARF is to increase Hong Kong's technological capability and enhance the competitiveness of the local industry, thereby promoting higher value-added economic development in Hong Kong.

Softech continues to apply a stringent approach to assessing investments. Since the ARF remains one of a very small number of venture capital funds focused on investing in early stage ventures in the technology sector in Hong Kong, it is now seeing a growing level of high quality deals. The number of proposals that the ARF's investment committee considered increased during the later part of 2003 and this trend is expected to continue in 2004.

Nirvana Fund

Nirvana Fund is a technology investment fund, with a total capital commitment of US$56 million, which the Techpacific Business made a US$1 million commitment and also a further commitment to invest US$10 million in parallel with the fund through the Company's wholly owned subsidiary, Nirvana Pacific Capital Limited. Given the very challenging environment for investing in early stage technology companies and the write-downs experience in the existing investments, TPVC proposed and approved a restructuring of the Nirvana Fund in August 2002 which effectively returned 58% of its capital to investors (through cash and a cancellation of outstanding commitments), significantly reduced the management fees from the contracted level and shortened its expected life. TPVC continues to work towards achieving exits and recoveries from the remaining portfolio companies. The main focus is on maximising cash extraction for the Nirvana Fund's investors, enabling it to undertake the planned repurchase of shares from, and cancellation of funding commitments by, the Nirvana Fund's investors.

Technology Proprietary Investments

The investment cost of earlier technology investments made by the Group was substantially written off at the end of 2002. Proceeds from such investments received during the year amounted to US$0.65 million and US$0.44 million was credited to other revenue in the Group's consolidated income statement.

THE CROSBY BUSINESS

Investment Banking

Crosby has made substantial progress in building a cross-border, independent investment banking business with its own niche in Asia

The Crosby Business provides investment banking services to clients in Asia, through 5 offices located in Hong Kong (which also serves as its head office), Singapore, Shanghai, Jakarta, London and Beijing and through representation in Karachi, Bangkok and Manila.

During 2003, Crosby continued to build up its franchise. After a poor start to the year due to the difficult operating environment arising from the uncertainty that preceded the war in Iraq and from the outbreak of Severe Acute Respiratory Syndrome in Greater China and to some extent South East Asia, the investment banking revenues in the second half of 2003 showed an improvement. Despite such market conditions in the first half of 2003, Crosby has made substantial progress in building a cross-border, independent investment banking business with its own niche in Asia.

Crosby's investment banking operations cover the following core product areas:

Structured Finance

Crosby offers structured finance solutions to corporate clients throughout the region, with a particular focus on the Philippines and Indonesia. Crosby leverages the Group's extensive product knowledge and structuring experience to create value-added financial solutions for clients. These structured finance solutions are then placed with investors and, in particular, Crosby seeks to distribute these products to institutional investors in the Middle East, including Islamic investors, who have an increasing appetite for investment opportunities in Asia. In this area, Crosby specialises in Telecommunications, Natural Resources (e.g. Oil and Coal), Export Receivables and Workers' Remittances.

Mergers and Acquisitions ("M&A") Advisory

Crosby offers advisory services particularly in cross-border M&A deals in Asian markets. Crosby's activities are focused on transactions with a deal size from US$50 million to US$500 million. These transactions include Management Buy-Out and Leveraged Buy-Out deals which are increasingly being pursued in the more developed Asian markets. 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.

The highlight of 2003 was the successful closing of a Management Buy-Out in Singapore of SembCorp's building materials group by RDC Holdings. Crosby was involved as financial adviser and arranged funding through the Crosby Asian Buyout Fund. Following on from this success, Crosby has been actively pursuing MBO transactions in other jurisdictions . Crosby has also become active in the oil and gas sector, and in late 2003 became the sponsor for the Management Buy-Out of Novus Petroleum, an Australian listed company. At the time that this report went to press, Crosby's MBO bid was still live in the market.

Financial Sponsorship

Crosby originates investment banking opportunities and solutions for leading private equity firms, buy-out funds and corporate investors. Crosby's established long-term client relationships allow it to deliver to clients high-quality, creative ideas, tailor-made to their investment requirements. Crosby has presented opportunities to buy-side clients in the following areas:

- Private placements
- Leveraged/Management Buy-Outs
- Structured Finance investments
- Capital-raising for private equity funds

Crosby's network of clients reaches across Asia to include Hong Kong, Taiwan, Singapore, South Korea and Japan. In addition, Crosby has active contact with a number of North American, European and Middle Eastern based investors.

IPOs/Private Placements

Through Crosby's strong relationships with venture capital and private equity firms, Crosby continues to act as adviser 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.

Crosby acts as co-sponsor and adviser to companies seeking to raise funds through initial public offerings. In addition, Crosby acts as an adviser and placing agent to unlisted companies carrying out private placements for expansionary, strategic or other purposes.

In executing these placements, Crosby leverages its strong relationships with private equity firms, buy-out funds and corporate investors.

Crosby has expertise in the following sectors:

- Financial services
- Energy and natural resources
- Consumer product manufacturing and distribution
- Telecommunications
- Online and offline media
- Technology (e.g. semi-conductor design, software, hardware)

Crosby executes fund-raising transactions throughout Asia with a particular focus on the Greater China region. The highlight of 2003 was the successful completion of the US$24 million pre-IPO placement of shares in Ninetowns Digital World Trade Holding Limited, a Cayman Islands enterprise with principal business in the PRC. The transaction involved detailed structuring and extensive negotiation of the terms with different venture capital groups. On the strength of this success, Crosby has secured a number of other pre-IPO private placement mandates from other companies. Separately, in October 2003, in its role as a placing agent, Crosby successfully completed a sale of 40 million new "H" shares in Launch Tech Company Limited, a major European institutional investor. In November 2003, Crosby also acted as financial adviser and placing agent in respect of a successful placement to one of the largest pharmaceutical groups in China, of new shares in, and unlisted convertible bonds relating to, a Shanghai-based pharmaceutical conglomerate listed on the Main Board of the Hong Kong Stock Exchange. Crosby has also acted as underwriter in a number of IPO transactions.

Crosby has been mandated to advise on a number of strategic placement transactions for clients in Indonesia although none of these transactions reached financial closure in 2003.

Finally, Crosby is currently acting as co-sponsor in respect to a number of companies seeking listings of their shares on the Main Board and Growth Enterprise Market of the Hong Kong Stock Exchange.

Financial Advisory

In addition to M&A advisory services, Crosby provides general corporate finance advice to listed companies. 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 provides corporate finance advice to companies listed in Hong Kong, in the following areas:

- Compliance with the stock exchange listing rules
- Acting as an independent financial advisor on Connected Party transactions
- Fairness opinions
- Matters related to the Takeover Code
- Reverse take-overs/Backdoor listings

In addition, Crosby provides advice on financial and corporate restructurings, including complex, multilateral debt restructuring.

Asset Management

Crosby's non-technology asset management operation was effectively re-launched in Q3 2002, since then assets under management have grown from zero to over US$360 million.

Crosby Asset Management was appointed portfolio manager of the **CORO Voltin Fund Limited** in 2002. This **US$350 million** fund is sponsored by the Small Business Corporation of Korea, a government organisation, and has a 5-year life. The CORO Voltin Fund Limited invests in bonds and

Crosby's non-technology asset management operation was effectively re-launched in Q3 2002 since then assets under management have grown from zero to over US$360 million

warrants issued by over 100 small- to medium-sized enterprises in Korea. The portfolio includes listed and unlisted securities.

Crosby Asset Management is also the investment manager of the **Crosby Asian Buyout Fund**, which was launched during 2003, to hold the shares of backers of management buy-outs in Asia, and which initially closed with a fund size of **US$5 million**.

Additionally, the Group's licensed asset management company in Pakistan, in which the Group has a 20% economic interest, launched its first licensed mutual fund in Pakistan at the end of 2003, the **Crosby Dragon Fund** with an initial fund size of over **US$6 million**.

OUTLOOK

Techpacific Business

Technology Venture Capital Asset Management

The Techpacific Business will focus on expanding the technology-focused venture capital management business either by acquiring existing technology venture capital funds or their management companies or the setting up of new tech-centric venture capital funds. In some instances, such mergers could result in cost savings as investment monitoring costs will be spread over a larger base of funds under management.

Additionally, the Techpacific Business is looking into the management of further government-sponsored funds, particularly in China. This capitalizes on the experience gained in managing the ARF.

Proprietary Technology Investments

The Group is better positioned to take advantage of the current turnaround in the technology sector. In addition to its investment in the Nirvana Fund, the Group continues to oversee the operation and nurture the growth of its direct technology investments that have survived the downturn in investor interest in the technology sector. As it has always done in the past, the Techpacific Business will advise and assist investee companies in their business expansion by introducing investees to potential partners who would assist their growth or provide them with access to markets, technology, management resources or capital. Involvement with the investee companies continues to be "hands on" and achieved through its acting as non-executive director of the investee companies or through regular, periodic meetings with principal managers of the investee businesses to discuss key objectives and achievements. At the appropriate time, we will assist them to raise subsequent rounds of capital for expansion either from third parties or funded by Techpacific Business' own balance sheet.

The Techpacific Business will seek to acquire investments in the technology sector at relatively low valuations. Examples of these opportunities would be the portfolios of technology-related investments held by some investment banks or private equity funds who may wish to lower their weightings in the technology sector or clean up their investment portfolio by selling their written down investments at significant discounts to their original cost.

Crosby Business

Investment Banking

Crosby entered 2004 with a healthy "pipeline" of mandated transactions around the Asian region and a well-motivated team of investment banking professionals. Crosby's pipeline of mandated Greater China investment banking deals is particularly encouraging.

Asset Management

Crosby asset management has a number of additional funds under development that it expects to launch in 2004.

OPERATIONAL & FINANCIAL REVIEW

Highlights of the financial results for the year ended 31 December 2003 when compared to the prior year, excluding the financial results derived from the Group's discontinued business (mainly Spike) were as follows:

- Turnover increased by 45%
- Operating Expenses decreased by 11%
- Operating loss decreased by 9%

Consolidated Turnover and Revenue

We set out a breakdown of Turnover for the years ended 31 December 2003 and 2002 in the table below:

Divisional Turnover (US$'000)	2003	2002	Change
Investment Banking	1,844	1,047	+76%
Asset Management	1,304	1,124	+16%
Continuing Businesses	3,148	2,171	+45%
Discontinued Business (mainly Spike)	-	2,540	
Total Turnover	3,148	4,711	

Turnover for the year ended 31 December 2003 increased by 45%, excluding the Turnover derived from the Group's discontinued business, mainly Spike, despite very difficult market conditions in the first half of the year. The overall increase in Turnover is attributable to increases in both the investment banking and the asset management businesses. The team specializing on the Mainland China market, which joined the Group in the first quarter of the current year, made a meaningful contribution to Turnover when two major transactions reached financial closure in the last quarter of 2003. The increase in the Turnover attributable to the asset management business is due to the asset management fee income in respect of the CORO Voltin Fund Limited. This additional Turnover more than offset the reduction in asset management income attributable to the Nirvana Fund that resulted from its restructuring in 2002.

We set out a breakdown of Total Revenue for the years ended 31 December 2003 and 2002 in the table below:

Total Revenue (US$'000)	2003	2002	Change
Continuing Businesses	3,969	4,585	-13%
Discontinued Business (mainly Spike)	–	2,547	–
Total	3,969	7,132	-44%

Total Revenue for the year ended 31 December 2003 decreased by 13% compared to the prior year, excluding the Total Revenue derived from the Group's discontinued business, mainly Spike. Despite a noticeable increase in Turnover (for the reasons described above) and an increase in bad debt recoveries during the year ended 31 December 2003, an overall drop in the Total Revenue resulted, principally due to a decrease in investment recoveries and a reduction in interest income.

Consolidated Operating Expenses

Operating Expenses (US$'000)	2003	2002	Change
Continuing Businesses	8,165	9,186	-11%
Discontinued Business (mainly Spike)	–	8,771	–
Total	8,165	17,957	-55%

Operating Expenses for the year ended 31 December 2003 decreased by 11%, excluding the Operating Expenses derived from the Group's discontinued business, mainly Spike . The reduction in Operating Expenses is mainly due to a cost-cutting exercise implemented since mid 2002. In particular, the Group relocated its headquarters in Hong Kong to a smaller office in May 2003, which reduced rental costs. A significant decrease in the doubtful debts expense also contributed to the decrease over the prior year.

Consolidated Operating Loss

Operating Loss (US$'000)	2003	2002	Change
Continuing Businesses	4,196	4,601	-9%
Discontinued Business (mainly Spike)	–	6,224	–
Total	4,196	10,825	-61%

The combination of the factors discussed above has meant that the Operating Loss decreased by 9% compared to the prior year, excluding the Turnover derived from the Group's discontinued business, mainly Spike.

Non-operating Items

Total Non-operating Items contributed a further US$0.173 million to the loss attributable to shareholders for 2003 (2002: US$2.547 million). The majority of the Non-operating Items in the prior year arose from impairment provisions against investments. As the Group's remaining unlisted investments were largely provided against during the prior period no such further provisions were required during the year ended 31 December 2003.

Balance Sheet Commentary

Consolidated net assets as at 31 December 2003 were US$8.527 million, decreased from US$12.948 million at the end of the prior year.

The Group continued to have no borrowings or charged assets as at 31 December 2003 and financed its operations and investing activities with internally generated cashflows and the balance of proceeds from its IPO. At 31 December 2003, the Group had cash and bank balances of US$8.027 million (2002: US$11.777 million) representing just over 94% of consolidated net assets (2002: 91%).

CONCLUSION

In summary, the Company's consolidated income statement for the year ended 31 December 2003 shows a US$4.369 million loss attributable to shareholders, which represents an improvement on the prior year. The Company's net cash outflow was US$3.750 million for the year ended 31 December 2003, as compared to a net cash outflow of US$8.019 million for the prior year.

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**

Managing Director
Ilyas is the Managing Director responsible for the investment banking activities of the Crosby Group and is based in Hong Kong. Prior to December 1998 he was a senior member of the management team and a Managing Director of Nomura, responsible for a regional (non-Japan Asia) investment banking and fixed income business, where he worked closely with Simon Fry (the CEO of the Crosby Group). He has more than 19 years' corporate finance and investment banking experience with financial institutions such as Citicorp, UBS and Schroders. 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

Techpacific Business

Martin Angus
Chief Financial Officer
Company Secretary

Martin is based in the Group's headquarters in Hong Kong and is in charge of financial and operational matters. He joined the Group in June 2003 with over 15 years of experience in the investment and financial sector, of which over 9 year's were in public practice split between London and Hong Kong. He is a member of the Institute of Chartered Accountants in England and Wales and an Associate Member of the Hong Kong Society of Accountants.

Yuda Udomritthiruj
Executive Director – Investor Relations & Special Projects

Yuda Udomritthiruj, joined the Group in May 1999. She worked at Skadden, Arps, Slate, Meagher & Flom in Hong Kong from 1993 to 1995 as a lawyer, providing US securities law advice to Asian companies and their bankers who were in the process of organizing fund raisings via Global Depository Receipts or American Depository Receipts. From 1991 to 1993, she worked for a Hong Kong law firm, and was mainly involved in general corporate work, including corporate restructurings and mergers and acquisitions. In 1990, she worked for the United Nations in New York as a research analyst for the Economics Unit with specific responsibility for researching international trade issues.

Jessica Jook Pui Han
Director, Venture Capital

Jessica is a director in charge of the daily operations of the Technology Venture Capital Asset Management team. Previously, she was a manager with the CyberCity Group where she completed the injection of a PRC science park into a company listed in the Stock Exchange of Hong Kong. In addition, she was in charge of the Greater China investment team and was responsible for evaluating and executing investment transactions in PRC-based private companies. Prior to this, she managed a portfolio of investment when she worked at the China Development Industrial Bank of Taiwan, and she received her audit training at what was then PriceWaterhouse.

Crosby Business

Simon Fry
Chief Executive Officer

Simon became the CEO of the Crosby Group in June 2003, which marks his return to investment banking after leaving the Nomura Group in 2000.

While at Nomura he was a Managing Director and European Board member as well as a member of Nomura's Risk Committee and Credit Committee.

From 1994-2000 he initiated and built Nomura's Asset Investment Group (AIG). The focus of AIG was to create specific product and strategy groups within it to invest in mis-priced and undervalued credit and equity exposures. This was done through a variety of both private and public equity, debt and derivative instruments.

During this period, he was also responsible for Nomura's highly regarded International Markets Division. This division was responsible for all the capital market activity in equity, fixed income and derivatives as well as the fixed income primary origination.

From 1980, he worked at CSFB for 14 years trading a variety of securities including both fixed income and equities. From 1990, he developed CSFB's Asset Trading Group, and as Managing Director built a team that generated significant returns over a number of years for CSFB.

Ian Gibbs
Managing Director
(Singapore)

Ian is a Managing Director of Crosby and is based in Singapore. He 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, he 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, he was with Arthur Andersen (London) for four years. He has worked for a client base that includes both western and Asian multinationals, assisting them in making acquisitions and divestments.

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

DC joined Crosby in 2003 as a Managing Director (Greater China). He 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, he was Managing Director of Shanghai Land Holdings Limited. Prior to that, he 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 his 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.

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 2003.

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 2003 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 34 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 21 to the financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the financial statements on pages 37 and 58 respectively.

SUBSIDIARIES AND ASSOCIATES

Particulars of the principal subsidiaries and associates as at 31 December 2003 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 are as follows:

–	the largest client	26%
–	five largest clients	71%

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$301.

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

Independent non-executive directors:

Alec Tsui Yiu Wa
Daniel Yen Tzu Chen

In accordance with article 87 of the Company's Articles of Association, Mr. Alec Tsui Yiu Wa 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 19 to the financial statements.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2003, the interests and short positions of the directors of the Company in shares and underlying shares (within the meaning of the Securities and Futures Ordinance ("SFO")) of the Company and any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Exchange pursuant to the minimum standards of dealing by directors of a listed issuer as referred to in Rule 5.40 of the GEM Listing Rules, were as follows:

(i) Interests in the shares of the Company

Name of director	Personal interest	Family interest	Corporate interest	Aggregate long position in shares of the Company	Percentage which the aggregate long position in shares represents to the issued share capital of the Company
Robert John Richard Owen	107,957,606	–	–	107,957,606	4.31%
Ilyas Tariq Khan (Notes 1 & 2)	79,994,076	–	513,498,147	593,492,223	23.72%
Johnny Chan Kok Chung (Note 3)	207,805,852	16,097,387	–	223,903,239	8.95%
Francis Yuen Tin Fan (Note 4)	–	–	929,400	929,400	0.04%

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

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 since he is entitled to exercise more than one third of the voting power at general meetings 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, he is deemed to have interests in her shares.

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' INTERESTS IN SECURITIES (continued)

(ii) Interests in the underlying shares of the Company

The interests in the underlying shares of the Company arise from unlisted share options (physically settled equity derivatives) granted to the directors of the Company under the Company's Share Option Scheme, details of which are provided below:

Name of director	Date of grant	Subscription price	Aggregate long position in underlying shares of the Company	Percentage which the aggregate long position in underlying shares of the company represents to the issued share capital of the Company
Johnny Chan Kok Chung (Note 1)	27 March 2002	HK$0.0704	2,500,000	0.10%
Alec Tsui Yiu Wa	14 May 2003	HK$0.0350	10,000,000	0.40%
Daniel Yen Tzu Chen	14 May 2003	HK$0.0350	5,000,000	0.20%

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, he is deemed to have interests in her options.

(iii) Short positions

None of the directors held short positions in the shares and underlying shares of the Company or any associated corporation.

(iv) Share options

Details of the Share Option Scheme are set out in note 21 to the financial statements. No share option was granted to the directors during the year.

As at the date of the directors' report, the number of shares in the Company available for issue under the Company's Share Option Scheme is 750,699,304 shares, representing 30% of the issued share capital of the Company.

DIRECTORS' INTERESTS IN SECURITIES (continued)

(v) Interests in the shares of an associated corporation

Name of director	Associated corporation	Personal interest	Corporate interest	Aggregate long position in shares of the associate	Percentage which the aggregate long position in shares of the associate represents to the issued share capital of the associate
Robert John Richard Owen	Crosby Limited	3,000	–	3,000	0.01%
Ilyas Tariq Khan (Note 1)	Crosby Limited	1	110,001	110,002	0.04%
Johnny Chan Kok Chung	Crosby Limited	30,000	–	30,000	0.01%

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, as at 31 December 2003, none of the directors of the Company had interests and short positions in the shares and underlying shares of the Company and any of its associated corporations as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Exchange pursuant to the minimum standards of dealing by directors of a listed issuer as referred to in Rule 5.40 of the GEM Listing Rules.

As at 31 December 2003, the Company had not issued any debentures.

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 AND OTHER PERSONS

As at 31 December 2003, the following persons, other than the directors of the Company, had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

(i) Interests in the shares of the Company

Name	Number or approximate attributable number of shares	Approximate percentage or approximate attributable percentage holding of shares in issue
ECK & Partners Limited (Note 1)	325,290,000	13.00%
tekbanc.com Limited (Note 2)	302,055,000	12.07%
TW Indus Limited (Note 3)	188,208,147	7.52%
Simon Jeremy Fry (Note 4)	110,186,587	4.40%

Note 1: 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 2: 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 3: TW Indus Limited held a direct interest in 188,208,147 shares. Ilyas Tariq Khan was beneficially interested in 100% of the share capital of TW Indus Limited and, therefore, Ilyas Tariq Khan was also interested in these 188,208,147 shares which are duplicated within the 593,492,223 shares in which Ilyas Tariq Khan was interested as a director.

Note 4: Simon Jeremy Fry is the Chief Executive Officer of Crosby Limited, which is a subsidiary of the Company. Simon Jeremy Fry has purchased 25,000,000 shares from the Company's Employee Share Ownership Plan and has committed to purchase a further 85,186,587 shares on deferred payment terms.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS (continued)

(ii) Interests in the underlying shares of the Company

The interests in the underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO arise from unlisted share options (physically settled equity derivatives) granted under the Company's Share Option Scheme, details of which are provided below:

Name	Date of Grant	Subscription price	Aggregate long position in underlying shares of the Company	Percentage which the aggregate long position in underlying shares of the Company represents to the issued share capital of the Company
Simon Jeremy Fry (Note 1)	11 July 2003	HK$0.035	312,000,000	12.47%

Note 1: Simon Jeremy Fry is the Chief Executive Officer of Crosby Limited, which is a subsidiary of the Company. Pursuant to the Extraordinary General Meeting of the Company on 11 July 2003, Simon Jeremy Fry was granted options to subscribe for 312,000,000 shares of the Company subject to the terms of the Company's Share Option Scheme.

(iii) Short positions

No person held short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Save as disclosed above, as at 31 December 2003, the directors of the Company are not aware of any other person who had an interest or short position in the shares and underlying shares of the Company that was required to be recorded in the register required to be kept under section 336 of the SFO.

CONNECTED TRANSACTIONS

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

COMPETING INTERESTS

The directors are not aware of any business or interest, as at 31 December 2003, 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.

DIRECTORS' REPORT

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 2003, the Group had cash and bank balances of US$8.0 million (2002: US$11.8 million). During the year, the Group utilised US$3.8 million (2002: US$8.0 million) to finance mainly 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 2003, the Group had 49 (2002: 37) full-time employees. Employee remuneration totalled US$3.8 million (2002: US$9.4 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 21 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.

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 2003, 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 Group'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 and Qualified Accountant of the Company is Martin Angus. He is a member of the Institute of Chartered Accountants in England and Wales 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.

DIRECTORS' REPORT

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$40,391 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.

AUDITORS

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

For and on behalf of the Board

Robert John Richard Owen
Chairman

17 March 2004

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
(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 34 to 64 which have been prepared in accordance with International Financial Reporting Standards adopted 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 solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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 2003 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

17 March 2004

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2003

	Notes	2003 US$	2002 US$
Turnover	4	**3,148,112**	4,711,231
Other revenue	5	**820,848**	2,421,074
		3,968,960	7,132,305
Administrative expenses		**(6,662,062)**	(15,867,925)
Distribution expenses		**(20,546)**	(165,905)
Other operating expenses		**(1,481,260)**	(1,923,106)
Finance costs		**(1,485)**	(840)
Loss from operations	6	**(4,196,393)**	(10,825,471)
Amortisation of goodwill		**(164,576)**	(159,202)
Provision for impairment of investments		**–**	(2,312,338)
Provision for impairment of other assets		**–**	(18,231)
Share of losses of associates		**(35,060)**	(23,444)
Loss before taxation		**(4,396,029)**	(13,338,686)
Taxation	7	**(14,102)**	25,022
Loss after taxation		**(4,410,131)**	(13,313,664)
Minority interests		**41,417**	(58,060)
Loss attributable to shareholders		**(4,368,714)**	(13,371,724)
Basic loss per share	8	**(0.17) cent**	(0.53) cent

CONSOLIDATED BALANCE SHEET

As at 31 December 2003

	Notes	2003 US$	2002 US$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	**326,989**	389,881
Interests in associates	11	**101,632**	–
Available-for-sale investments	12	**145,635**	207,921
Goodwill	13	**154,449**	319,025
		728,705	916,827
Current assets			
Loan to and current accounts with investee companies		**–**	181,159
Debtors, deposits and prepayments	14	**1,345,376**	688,840
Other receivables	15	**70,029**	253,547
Tax recoverable		**–**	4,524
Trading investments		**–**	174,387
Cash and bank balances		**8,026,709**	11,776,868
		9,442,114	13,079,325
Current liabilities			
Creditors and accrued charges		**1,440,981**	737,480
Deferred income		**60,589**	96,153
Provision for taxation		**57,054**	38,527
Current portion of obligations under a finance lease	16	**9,564**	21,855
		1,568,188	894,015
Net current assets		**7,873,926**	12,185,310
Total assets less current liabilities		**8,602,631**	13,102,137
Non-current liabilities			
Obligations under a finance lease	16	**–**	9,564
Minority interests		**75,999**	144,776
Net assets		**8,526,632**	12,947,797
CAPITAL AND RESERVES			
Share capital	17	**2,502,577**	2,502,577
Reserves	18	**6,024,055**	10,445,220
Shareholders' funds		**8,526,632**	12,947,797

Johnny Chan Kok Chung
Director

Ilyas Tariq Khan
Director

BALANCE SHEET

As at 31 December 2003

	Notes	2003 US$	2002 US$
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	9	**16,412,804**	12,163,665
Current assets			
Amount due from a related company		**–**	7,406
Debtors, deposits and prepayments		**458,228**	212,408
Bank balances		**752,476**	4,265,002
		1,210,704	4,484,816
Current liabilities			
Creditors and accrued charges		**121,324**	135,680
Amount due to an associate		**–**	18,077
		121,324	153,757
Net current assets		**1,089,380**	4,331,059
Total assets less current liabilities/Net assets		**17,502,184**	16,494,724
CAPITAL AND RESERVES			
Share capital	17	**2,502,577**	2,502,577
Reserves	18	**14,999,607**	13,992,147
Shareholders' funds		**17,502,184**	16,494,724

Johnny Chan Kok Chung
Director

Ilyas Tariq Khan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2003

	Share capital	Share premium	Capital reserve	Capital redemption reserve	Investment revaluation reserve	Foreign exchange reserve	Accumulated losses	Total
	US$	US$	US$	US$	US$	US$	US$	US$
At 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 and 1 January 2003	2,502,577	52,209,444	9,228,125	11,270	124,691	(108,909)	(51,019,401)	12,947,797
Surplus on revaluation	–	–	–	–	121,980	–	–	121,980
Disposal of listed investments	–	–	–	–	(174,748)	–	–	(174,748)
Exchange difference on consolidation	–	–	–	–	–	317	–	317
Loss attributable to shareholders	–	–	–	–	–	–	(4,368,714)	(4,368,714)
At 31 December 2003	**2,502,577**	**52,209,444**	**9,228,125**	**11,270**	**71,923**	**(108,592)**	**(55,388,115)**	**8,526,632**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2003

	2003	2002
	US$	US$
Operating activities		
Loss before taxation and minority interests	**(4,396,029)**	(13,338,686)
Adjustments for:		
Share of losses of associates	**35,060**	23,444
Interest income	**(90,051)**	(216,798)
Interest expenses	**1,485**	840
Depreciation of property, plant and equipment	**298,502**	1,122,861
Amortisation of intellectual properties	**–**	11,989
Loss on disposal of property, plant and equipment	**61,930**	52,280
Provision for impairment of other assets	**–**	18,231
Gain on disposal of associates	**–**	(75,950)
Gain on disposal of available-for-sale investments, net	**(338,488)**	(1,159,062)
(Gain)/Loss on disposal of trading investments	**(97,240)**	11,331
Gain on disposal of subsidiaries, net	**(4,963)**	(761,640)
Fair value adjustment on trading investments	**–**	114,782
Provision for impairment of investments	**–**	2,312,338
Amortisation of goodwill	**164,576**	159,202
Bad debts recovery	**(162,149)**	(53,887)
Provision for doubtful debts	**42,566**	909,816
Operating loss before working capital changes	**(4,484,801)**	(10,868,909)
Decrease in amount due from an associate	**–**	63,109
Decrease in work-in-progress	**–**	43,661
(Increase)/Decrease in debtors, deposits and prepayments	**(455,470)**	5,597
Decrease/(Increase) in tax recoverable	**4,524**	(5,470)
Increase in creditors and accrued charges	**710,394**	1,363,073
(Decrease)/Increase in deferred income	**(35,564)**	401,402
(Decrease)/Increase in amount due to an associate	**(10,204)**	30,980
Decrease in amount due to minority shareholder	**(26,516)**	(62,189)
Cash used in operations	**(4,297,637)**	(9,028,746)
Tax paid	**–**	(1,151)
Net cash outflow from operating activities	**(4,297,637)**	(9,029,897)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2003

	2003	2002
	US$	US$
Investing activities		
Interest received	**93,485**	231,217
Interest paid	**(1,485)**	(840)
Purchases of property, plant and equipment	**(305,720)**	(145,861)
Acquisition of available-for-sale investments	**–**	(292,524)
Acquisition of trading investments	**(27,884)**	(200,101)
Acquisition of additional interest in a subsidiary	**–**	(596,510)
Acquisition of an associate	**(114,442)**	–
Proceeds from sale of property, plant and equipment	**8,268**	25,591
Proceeds from sale of trading investments	**299,511**	68,988
Proceeds from sale of available-for-sale investments	**348,006**	1,800,507
Net proceeds from disposal of subsidiaries	**2,875**	(237,523)
Proceeds from disposal of associates	**–**	289,216
Net repayment from investee companies	**325,263**	144,508
Net advance to other debtors	**(251,702)**	(217,949)
Net repayment from staff	**195,374**	180,909
Net cash inflow from investing activities	**571,549**	1,049,628
Financing activities		
Repayment of finance lease obligations	**(21,855)**	(17,148)
Net cash outflow from financing activities	**(21,855)**	(17,148)
Net decrease in cash and cash equivalents	**(3,747,943)**	(7,997,417)
Cash and cash equivalents as at 1 January	**11,776,868**	19,795,381
Effect of exchange rate fluctuations	**(2,216)**	(21,096)
Cash and cash equivalents as at 31 December	**8,026,709**	11,776,868

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

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 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 to the financial statements.

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 Financial Reporting Standards adopted by the International Accounting Standards Board and the requirements of the Hong Kong Companies Ordinance. In addition, the financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. 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 govern 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 recognised gains and losses of the associates on an equity accounting basis, from the date that significant influence effectively commences until the date that significant influence effectively ceases. For associates that are acquired and held exclusively with a view to dispose of in the near future, the Group's interests are stated at cost, as reduced by any impairment losses recognised.

For the year ended 31 December 2003

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 recognised in a revaluation reserve when these changes arise. In the case of impairment the deficit is recognised in the income statement. When these securities are disposed of, the related revaluation surplus or deficit is recognised as income or 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 recognised 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 recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the income statement.

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 recognised for the asset in prior years. A reversal of an impairment loss is recognised 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 2003

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) 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 after any accumulated amortisation and impairment.

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

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

(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.

For the year ended 31 December 2003

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(h) Property, plant and equipment (continued)

(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.

(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.

For the year ended 31 December 2003

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(l) Foreign currencies

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

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

(m) Taxation

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

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. 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 2003

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(n) Revenue

Revenue is recognised when it is probable that 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 recognised when the services have been rendered.

– Fees from the placement of shares are recognised when the shares have been allotted and proceeds have been received by the client.

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

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

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

(o) Employee benefits

(i) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as expenses in the income statement as incurred.

(ii) 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 recognised.

(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.

For the year ended 31 December 2003

3. SEGMENTAL INFORMATION

(a) By business segment (primary segment):

	Investment banking *Note (i)*		Asset management *Note (ii)*		(Discontinued) Digital services *Note (iii)*		Unallocated *Note (iv)*		Total	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002
	US$	US$	**US$**	US$	**US$**	US$	**US$**	US$	**US$**	US$
Turnover	**1,844,039**	1,047,053	**1,304,073**	1,124,185	**–**	2,539,993	**–**	–	**3,148,112**	4,711,231
Segment results	**(1,373,398)**	(1,532,600)	**250,903**	69,934	**–**	(6,223,617)	**–**	–	**(1,122,495)**	(7,686,283)
Unallocated loss from operations	**–**	–	**–**	–	**–**	–	**(3,073,898)**	(3,139,188)	**(3,073,898)**	(3,139,188)
Loss from operations									**(4,196,393)**	(10,825,471)
Amortisation of goodwill	**–**	–	**–**	–	**–**	–	**(164,576)**	(159,202)	**(164,576)**	(159,202)
Provision for impairment of investments	**–**	–	**–**	–	**–**	–	**–**	(2,312,338)	**–**	(2,312,338)
Provision for impairment loss of other assets	**–**	(18,231)	**–**	–	**–**	–	**–**	–	**–**	(18,231)
Share of losses of associates	**–**	–	**–**	–	**–**	–	**(35,060)**	(23,444)	**(35,060)**	(23,444)
Loss before taxation									**(4,396,029)**	(13,338,686)
Taxation									**(14,102)**	25,022
Loss after taxation									**(4,410,131)**	(13,313,664)
Minority interests									**41,417**	(58,060)
Loss attributable to shareholders									**(4,368,714)**	(13,371,724)
Segment assets	**921,140**	327,968	**964,083**	632,745	**–**	–	**44,897,120**	35,012,144	**46,782,343**	35,972,857
Elimination	**–**	–	**–**	–	**–**	–	**(36,611,524)**	(21,976,705)	**(36,611,524)**	(21,976,705)
Total assets	**921,140**	327,968	**964,083**	632,745	**–**	–	**8,285,596**	13,035,439	**10,170,819**	13,996,152
Segment liabilities	**540,708**	73,593	**181,280**	107,426	**–**	–	**55,661,530**	58,399,502	**56,383,518**	58,580,521
Elimination	**–**	–	**–**	–	**–**	–	**(54,815,330)**	(57,676,942)	**(54,815,330)**	(57,676,942)
Total liabilities	**540,708**	73,593	**181,280**	107,426	**–**	–	**846,200**	722,560	**1,568,188**	903,579
Capital expenditure	**39,723**	40,347	**–**	3,550	**–**	42,589	**265,997**	59,375	**305,720**	145,861
Depreciation	**29,367**	44,172	**1,275**	22,284	**–**	661,375	**267,860**	395,030	**298,502**	1,122,861
Provision for doubtful debts	**29,933**	13,878	**6,938**	112,282	**–**	–	**5,695**	783,656	**42,566**	909,816

For the year ended 31 December 2003

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 and placement of shares.

(ii) Asset management operations comprise fund management services.

(iii) Digital services operations comprise the provision of e-Services and equipment rental by mainly the Spike Group, which ceased operations in prior year.

(iv) Unallocated items mainly consist of the corporate management office, incubation services and any items that cannot be reasonably allocated to specific business segments.

(b) By geographical segment (secondary segment):

	Asia		Australia		Elimination		Total	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002
	US$	US$	**US$**	US$	**US$**	US$	**US$**	US$
Turnover from principal place of operation	**3,148,112**	3,228,721	**–**	1,482,510	**–**	–	**3,148,112**	4,711,231
Segment assets	**46,782,343**	35,972,857	**–**	–	**(36,611,524)**	(21,976,705)	**10,170,819**	13,996,152
Capital expenditure	**305,720**	103,272	**–**	42,589	**–**	–	**305,720**	145,861

4. TURNOVER

	2003	2002
	US$	US$
Corporate finance and other advisory service fees	**898,239**	1,083,432
Fees from placement of shares	**932,820**	74,037
Fund management fee income	**1,304,073**	1,013,769
Digital services	**–**	2,539,993
Others	**12,980**	–
	3,148,112	4,711,231

For the year ended 31 December 2003

5. OTHER REVENUE

	2003	2002
	US$	US$
Bad debt recovery	**162,149**	53,887
Bank interest income	**89,711**	201,425
Exchange difference	**41,667**	–
Gain on disposal of associates	**–**	75,950
Gain on disposal of available-for-sale investments	**338,488**	1,163,970
Gain on disposal of subsidiaries	**4,963**	762,841
Gain on disposal of trading investments	**97,240**	–
Incubation service fee income	**45,224**	116,218
Other interest income	**340**	15,373
Others	**41,066**	31,410
	820,848	2,421,074

6. LOSS FROM OPERATIONS

	2003	2002
	US$	US$
Loss from operations is arrived at after charging:		
Auditors' remuneration	**68,950**	98,578
Fair value adjustment on trading investments	**–**	114,782
Depreciation:		
– owned assets	**282,536**	1,116,209
– assets held under finance leases	**15,966**	6,652
Loss on disposal of a subsidiary	**–**	1,201
Loss on disposal of trading investments	**–**	11,331
Loss on disposal of available-for-sale investments	**–**	4,908
Loss on disposal of property, plant and equipment	**61,930**	52,280
Operating leases charges in respect of rented premises	**572,991**	1,107,461
Portfolio management advisory fee	**669,375**	–
Provident fund contributions	**54,640**	57,208
Provision for doubtful debts	**42,566**	909,816
Staff costs (excluding directors' remuneration but including provident fund contributions)	**3,844,842**	9,444,196

For the year ended 31 December 2003

7. TAXATION

	2003	2002
	US$	US$
Current tax		
Overseas tax	**(14,102)**	(978)
Deferred tax		
Overprovision in prior years written back	–	26,000
	(14,102)	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.

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$4,368,714 (2002: US$13,371,724) and the weighted average number of ordinary shares of 2,502,577,245 (2002: 2,502,577,245) in issue during the year.

(b) Diluted loss per share

No diluted loss per share for the year ended 31 December 2003 is shown as the outstanding share options were anti-dilutive.

For the year ended 31 December 2003

9. INTERESTS IN SUBSIDIARIES

	Company	
	2003	2002
	US$	US$
Investments at cost		
Unlisted shares, outside Hong Kong	**16,000,001**	1
Amounts due from subsidiaries	**42,124,196**	56,393,249
Less: Provision for doubtful debts	**(41,588,824)**	(43,673,107)
	16,535,373	12,720,143
Amounts due to subsidiaries	**(122,569)**	(556,478)
	16,412,804	12,163,665

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

Particulars of the principal subsidiaries as at 31 December 2003 are as follows:

Name	Place of incorporation	Nominal value of issued capital	Percentage of issued capital held indirectly/directly* 2003	2002	Principal activities
Crosby Limited	Hong Kong	US$2,992,885	**99.9%**	99.9%	Provision of financial advisory and corporate services
Crosby Capital Partners (Holdings) Limited (formerly known as techpacific.com (BVI) Limited)	British Virgin Islands	US$0.01	**100%***	100%*	Investment holding
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

9. INTERESTS IN SUBSIDIARIES (continued)

Name	Place of incorporation	Nominal value of issued capital	Percentage of issued capital held indirectly/directly* 2003	2002	Principal activities
Crosby Capital Partners (Hong Kong) Limited (formerly known as TechPacific Corporate Finance Limited)	Hong Kong	HK$1	**100%**	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$4,200	**100%**	100%	Investment holding
Softech Investment Management Company Limited	Hong Kong	HK$5,020	**50%**	50%	Fund management
techpacific.com Digital Limited	Cayman Islands	US$1	**100%**	100%	Investment holding
Crosby Capital Partners (BVI) Limited (formerly known as techpacific Corporate Finance International Limited)	British Virgin Islands	US$100	**100%**	100%	Provision of financial advisory services
Crosby Pte Limited (formerly known as techpacific.com Pte Limited)	Singapore	S$50,002	**100%**	100%	Provision of corporate services
PT Crosby Indonesia	Indonesia	US$25,000	**100%**	99.9%	Provision of financial advisory services
Crosby Asia Holdings Limited	British Virgin Islands	US$200	**100%**	100%	Investment holding
Crosby Asset Management (Hong Kong) Limited	Hong Kong	HK$9,990	**100%**	100%	Provision of investment advisory and fund administration services
Crosby Capital Partners (Singapore) Pte Limited (formerly known as Crosby Advisory (Singapore) Pte Limited)	Singapore	S$12,560,000	**95%**	95%	Provision of financial advisory services

For the year ended 31 December 2003

9. INTERESTS IN SUBSIDIARIES (continued)

Name	Place of incorporation	Nominal value of issued capital	Percentage of issued capital held indirectly/directly* 2003	2002	Principal activities
Techpacific Capital (Cayman) Limited	Cayman Islands	US$1	**100%***	100%	Investment holding

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 2003	178,676	266,318	460,142	108,159	183,542	1,196,837
Additions	35,274	9,939	248,115	–	12,392	305,720
Disposals	(18,948)	(139,286)	(404,218)	–	(22,818)	(585,270)
Reclassification	–	4,618	–	–	(4,618)	–
Exchange adjustments	125	68	646	–	304	1,143
At 31 December 2003	**195,127**	**141,657**	**304,685**	**108,159**	**168,802**	**918,430**
Accumulated depreciation						
At 1 January 2003	139,123	119,210	360,203	55,100	133,320	806,956
Charge for the year	36,753	39,484	155,376	30,414	36,475	298,502
Disposals	(17,151)	(72,750)	(404,218)	–	(20,953)	(515,072)
Reclassification	–	134	–	–	(134)	–
Exchange adjustments	134	(73)	615	–	379	1,055
At 31 December 2003	**158,859**	**86,005**	**111,976**	**85,514**	**149,087**	**591,441**
Net book value						
At 31 December 2003	**36,268**	**55,652**	**192,709**	**22,645**	**19,715**	**326,989**
At 31 December 2002	39,553	147,108	99,939	53,059	50,222	389,881

Included in motor vehicles above is a motor vehicle with a net book value of US$22,618 (2002: US$38,584) held under a finance lease.

For the year ended 31 December 2003

11. INTERESTS IN ASSOCIATES

		Group	
		2003	2002
	Notes	**US$**	US$
Share of net assets/(liabilities) other than goodwill		**105,753**	(164,153)
Premium on acquisition		**381,019**	559,498
		486,772	395,345
Less: Provision for impairment		**(377,657)**	(377,657)
	(a)	**109,115**	17,688
Investments at cost		**1,969,741**	1,969,741
Less: Provision for impairment		**(1,969,741)**	(1,969,741)
	(b)	**–**	–
Amounts due from associates (note 14)		**3,716**	13,292
Amount due to an associate		**(11,199)**	(30,980)
		101,632	–

(a) Particulars of those associates that are accounted for under the equity method at 31 December 2003 are as follows:

Name	**Place of incorporation**	**Percentage of issued capital held indirectly**		**Principal activities**
		2003	2002	
Henderson Baillieu Limited	Cayman Islands	**40%**	40%	Executive search
Upstream Asia Limited	British Virgin Islands	**27.05%**	27.05%	Technology marketing and promotion
Crosby Asset Management International Limited	British Virgin Islands	**100%** *Note (i)*	–	Investment holding
Crosby Asset Management Limited	Pakistan	**100%** *Note (i)*	–	Provision of investment advisory and asset management services

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11. INTERESTS IN ASSOCIATES (continued)

(a) (continued)

(i) Crosby Asset Management International Limited ("CAMIL") is considered as an associate of the Group because under an investment agreement signed on 20 March 2003, a third party agreed to invest US$456,000 into CAMIL by way of a convertible loan note which gives the holder an option to convert the loan note into ordinary shares of CAMIL at any time and the right to participate in any dividend or other distributions made by CAMIL on the basis that the loan has been converted into shares immediately prior to the distribution. At the balance sheet date, the third party is considered to hold an effective 80% equity interest in CAMIL.

Crosby Asset Management Limited ("CAML") is a wholly owned subsidiary of CAMIL. As a result of the above investment arrangement, CAML is considered as an associate of the Group and that third party is also considered to hold an effective 80% equity interest in CAML at the balance sheet date.

(b) This amount represents the investments in the associates that are acquired and held exclusively with a view to their disposal in the near future. They are accounted for at cost, as reduced by any impairment losses recognised. The particulars of such associates as at 31 December 2003 are as follows:

Name	**Place of incorporation**	**Percentage of issued capital held indirectly**		**Principal activities**
		2003	2002	
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	
	2003	2002
	US$	US$
Unlisted investments		
Convertible bonds and loans	**151,515**	93,939
Convertible preference shares	**548,868**	2,277,661
Debenture	**71,795**	71,795
Ordinary shares, at cost	**5,192,419**	7,724,291
	5,964,597	10,167,686
Less: Provision for impairment	**(5,892,802)**	(10,095,848)
	71,795	71,838
Listed investments		
Ordinary shares, at fair value	**73,840**	136,083
	145,635	207,921

For the year ended 31 December 2003

13. GOODWILL

Group

	US$
At 1 January 2003 and at 31 December 2003	**493,727**
Accumulated amortisation	
At 1 January 2003	174,702
Amortisation for the year	164,576
At 31 December 2003	**339,278**
Net book value	
At 31 December 2003	**154,449**
At 31 December 2002	319,025

14. TRADE DEBTORS

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

At the balance sheet date, included in debtors, deposits and prepayments and amounts due from associates are trade debtors of US$350,386 (2002: US$83,404) and US$3,716 (2002: US$13,292) (note 11) respectively.

	Group	
	2003	2002
	US$	US$
0 – 30 Days	**165,941**	43,082
31 – 60 Days	**110,320**	128
61 – 90 Days	**50,000**	5,897
Over 90 Days	**27,841**	47,589
	354,102	96,696

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15. OTHER RECEIVABLES

Included in this balance are staff loans and advances of US$69,002 (2002: US$227,252) and a loan to an officer of US$nil (2002: US$20,641). 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 2003 falling to be disclosed under S.161B of the Hong Kong Companies Ordinance are as follows:

Name	**Capacity**	**At 1 January 2003**	**Maximum amount during 2003**	**At 31 December 2003**
Stephen Christopher Smith	Company Secretary	20,641	20,641	–

Mr Smith resigned as Company Secretary on 1 August 2003. The loan was fully repaid during the year.

16. OBLIGATIONS UNDER A FINANCE LEASE

(a) Finance lease liabilities – minimum lease payments:

	Group	
	2003	2002
	US$	US$
Due within one year	**9,725**	23,340
Due in the second to fifth years	**–**	9,725
	9,725	33,065
Future finance charges on finance leases	**(161)**	(1,646)
Present value of finance lease liabilities	**9,564**	31,419

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16. OBLIGATIONS UNDER A FINANCE LEASE (continued)

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

	Group	
	2003	2002
	US$	US$
Due within one year	**9,564**	21,855
Due in the second to fifth years	**–**	9,564
	9,564	31,419

17. SHARE CAPITAL

	Number of ordinary shares	Number of convertible redeemable preference shares	Amount
			US$
Authorised (par value of US$0.001 each)			
At 31 December 2002 and 31 December 2003	20,000,000,000	1,000,000	20,001,000
Issued and fully paid (par value of US$0.001 each)			
At 31 December 2002 and 31 December 2003	2,502,577,245	–	2,502,577

18. RESERVES

	Group	
	2003	2002
	US$	US$
Share premium	**52,209,444**	52,209,444
Capital reserve	**9,228,125**	9,228,125
Capital redemption reserve	**11,270**	11,270
Investment revaluation reserve	**71,923**	124,691
Foreign exchange reserve	**(108,592)**	(108,909)
Accumulated losses	**(55,388,115)**	(51,019,401)
	6,024,055	10,445,220

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18. RESERVES (continued)

Company

	Share premium	Capital redemption reserve	Capital reserve	Accumulated losses	Total
	US$	US$	US$	US$	US$
At 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 and 1 January 2003	52,209,444	11,270	4,639,099	(42,867,666)	13,992,147
Profit for the year	–	–	–	1,007,460	1,007,460
At 31 December 2003	**52,209,444**	**11,270**	**4,639,099**	**(41,860,206)**	**14,999,607**

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

	2003	2002
	US$	US$
Accumulated losses	**(41,860,206)**	(42,867,666)
Capital reserve	**4,639,099**	4,639,099
Share premium	**52,209,444**	52,209,444
	14,988,337	13,980,877

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19. DIRECTORS' AND EMPLOYEES' REMUNERATION

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

	2003	2002
	US$	US$
Fees	**40,000**	43,443
Other emoluments		
Salaries, allowances and benefits in kind	**676,146**	622,396
Provident fund contributions	**4,615**	4,615
	680,761	627,011
	720,761	670,454

Fees include US$10,000 (2002: US$10,000) payable to the non-executive directors and US$30,000 (2002: US$33,443) 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$216,923 (2002: US$69,551).

	Number of directors	
	2003	2002
Emoluments band		
US$Nil to US$129,000	**4**	5
US$129,001 to US$193,000	**–**	–
US$193,001 to US$257,000	**3**	3

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

	2003	2002
	US$	US$
Salaries, allowances and benefits in kind	**888,965**	814,198
Bonus paid and payable	**352,243**	450,000
Provident fund contributions	**10,806**	3,975
Compensation paid and payable	**–**	83,333
	1,252,014	1,351,506

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19. DIRECTORS' AND EMPLOYEES' REMUNERATION (continued)

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

	2003	2002
Number of directors	**2**	1
Number of employees	**3**	4

	Number of individuals	
	2003	2002
Emoluments band		
US$193,001 to US$257,000	**3**	2
US$257,001 to US$321,000	**2**	3

20. 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.

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21. EQUITY COMPENSATION BENEFITS

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

Share options granted under the 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.

The following table sets out information relating to the Share Option Scheme:

Date of options grant	Options granted	Options exercise price	Options lapsed since grant	Options outstanding	Options exercisable as at 31 December 2003
27 March 2002	248,244,700	HK$0.0704	131,944,700	116,300,000	34,890,000
18 March 2003	54,000,000	HK$0.0350	5,000,000	49,000,000	–
14 May 2003	15,000,000	HK$0.0350	–	15,000,000	–
18 June 2003	26,064,000	HK$0.0350	–	26,064,000	–
11 July 2003	312,000,000	HK$0.0350	–	312,000,000	–
1 December 2003	21,000,000	HK$0.0350	–	21,000,000	–
	676,308,700		136,944,700	539,364,000	34,890,000

No options granted under the Share Option Scheme had been exercised as at 31 December 2003.

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21. EQUITY COMPENSATION BENEFITS (continued)

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

	Exercise price HK$0.0704	**Exercise price HK$0.035**
At 1 January 2003	167,200,000	–
Granted during the year	–	428,064,000
Lapsed during the year	(50,900,000)	(5,000,000)
At 31 December 2003	**116,300,000**	**423,064,000**

22. COMMITMENTS

(a) At 31 December 2003, the total future minimum lease payments of the Group under non-cancellable operating leases in respect of land and buildings are payable as follows:

	2003	2002
	US$	US$
Within one year	**343,886**	355,134
In the second to fifth years	**323,396**	18,241
	667,282	373,375

The Group leases a number of properties under operating leases in Hong Kong and overseas. None of the leases includes contingent rentals.

The Company had no commitments under non-cancellable operating leases as at 31 December 2003.

22. COMMITMENTS (continued)

(b) At 31 December 2003, details of the Group's capital commitments are as follows:

	2003	2002
	US$	US$
Authorised but not contracted for	**6,021**	–
Contracted but not provided for	**253,784**	–

The Company had no capital commitments as at 31 December 2003.

23. 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:

	2003	2002
	US$	US$
Advertising and marketing expenses to an associate	**(3,076)**	(38,230)
Corporate finance and other advisory service fees from investee companies	**1,282**	170,000
Consultancy and technical support fees paid to shareholder of a subsidiary	**(39,170)**	(81,251)
Fund management fee income from an investee company	**150,000**	420,098
Incubation services income from an associate	**14,488**	53,865
Investments made by an investee company on behalf of the Group (held in the name of the investee company)	**–**	(182,876)
Sales proceeds of investment received by an investee company on behalf of the Group	**64,849**	93,721

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24. CONTINGENCIES

Litigation is in progress against a subsidiary of the Company. The litigation arises from an agreement by the aforementioned subsidiary of the Company to acquire listed shares from the plaintiffs in the litigation. The litigation proceedings seek an injunction to prevent the sale of the listed shares to the subsidiary of the Company or, in the alternative, unspecified damages alleging a conspiracy by the subsidiary of the Company to harm the sellers of the shares who are plaintiffs in the litigation. The directors, after consulting the Group's lawyers, are of the opinion that the possibility for the claim to be successful is unlikely and no provision has been made in the financial statements in this regard.

Save as disclosed above, the Group and the Company had no other material contingent liabilities at the balance sheet date.

25. COMPARATIVE FIGURES

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

26. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 17 March 2004.