

For the
six months
ended
30 June

2004



Interim Report

Techpacific Capital Limited

(incorporated in the Cayman Islands with limited liability)

Characteristics of The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Exchange”).

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

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

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

The Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this report.

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 GEM of the 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.

ABOUT TECHPACIFIC CAPITAL LIMITED

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

The Group operates the following lines of business:

The Group has an 85.11% owned subsidiary, Crosby Capital Partners Inc. ("Crosby" and, together with its subsidiaries, the "Crosby Group"), formerly known as Skiddaw Capital Inc., which is listed on the UK's Alternative Investment Market of the London Stock Exchange ("AIM") market, and which is the main operating entity through which investment banking services are provided. Crosby 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 arm acts as a portfolio manager and investment advisor for private and government institutions.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

Overview

Turnover in the six months under review increased significantly to US\$10.9 million compared with US\$1.1 million for the same period last year. On the same basis, turnover for the quarter under review was US\$10.5 million compared to US\$0.5 million for the same quarter last year and US\$0.5 million for the last quarter. This increase in turnover is mainly attributable to the Crosby Group, in which the Group has an 85.11% interest following its admission to the AIM in May 2004.

After a period of re-structuring during much of 2003, Crosby Group has developed good momentum in its key business areas, and is pursuing a strategy that allows it to expand its revenue without sacrificing profitability.

A more thorough analysis of the six months under review is contained below in the section titled "Divisional Review," however it is worth noting that the current results are particularly affected by the success of Crosby Group's merchant banking arm. In January 2004, Crosby Group's merchant banking arm, in partnership with the CEO of the Company, launched a takeover offer of Novus Petroleum Limited ("Novus"), an Australian upstream, oil and gas company that was listed on the Australian Stock Exchange with an enterprise value of US\$360 million. The takeover offer was structured through a newly established subsidiary that is 75% owned and controlled by Crosby, called Sunov Petroleum (BVI) Limited ("Sunov Petroleum"). Following the takeover attempt, Sunov has interests in various onshore and offshore oil and gas assets previously owned by Novus, and which are located in Pakistan, Middle East and the United States. The results for the six months under review only reflects US\$2.7 million of value attributable to the shareholders for this transaction given the nature of those interests and the directors believe that significant further upside could be realized particularly given current oil and gas prices.

This view was partially borne out in August 2004 when Sunov Petroleum entered into a conditional binding MOU with a wholly owned subsidiary of Interra Resources Limited ("Interra"), a company listed on the Singapore Stock Exchange to sell the assets in Pakistan and Middle East. If the MOU leads to a completed transaction, Sunov will own a significant interest in Interra, and additionally, will continue to have a direct beneficial interest in the US Assets that have been more fully described in the Company's announcement made on 23 June 2004.

Other revenue of the Group consisting of interest income, profit on the disposal of investments and bad debt recoveries increased significantly to US\$2.0 million compared with US\$0.4 million for the same period last year. A significant part of this increase was due to the profit on the deemed disposal arising from admission of the Crosby Group to the AIM and the simultaneous placing of Crosby shares simultaneously.

Operating expenses, in the six months under review, increased significantly to US\$8.8 million compared with US\$3.7 million for the same period last year. On the same basis, operating expenses for the quarter under review were US\$5.4 million compared to US\$1.8 million for the same quarter last year and US\$2.3 million for the last quarter. Included in the operating expenses are US\$3.1 million of project expenses related to the aforementioned takeover offer for Novus which were largely recovered from a break fee that was secured from Novus during the transaction. Some of the increase in operating expenses during the six months under review has also arisen due to the expansion of the Crosby Business during 2004 including one time expenses related to the acquisition of permanent office in London; and the processes related to obtaining a FSA licence, establishing the Beijing office and a wealth management business.

Non-operating expenses, in the six months under review, mainly consisted of the provision for compensation for lapse of employee options, which is more fully explained in the Company's circular to shareholders dated 7 May 2004. Of the total amount provided of US\$1.198 million, at least US\$0.9 million of the compensation for the lapse of options will not involve cash settlement as it was satisfied by the issue and allotment of non-voting deferred shares.

As a result of the above factors, the Group made a modest profit of US\$0.5 million for the six months under review compared with a loss of US\$2.3 million for the same period last year.

Divisional Review

THE TECHPACIFIC BUSINESS

Technology Venture Capital Asset Management

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

1) Applied Research Fund

The fund manager continues to apply a stringent approach to assessing investments in Hong Kong which comply with the public mission of the Applied Research Fund to encourage and provide funding support to technology ventures that have good commercial potential. During the period under review, one of the Fund's investee company was successfully listed on the SEHK GEM Board in June 2004. Since the ARF remains one of a very small number of venture capital funds focused on investing in early and developmental stage ventures in the technology sector in Hong Kong, it is now seeing a growing level of high quality deals. We expect this trend to continue for the remainder of 2004.

2) Nirvana Capital Limited

The fund manager continues to work towards achieving exits and recoveries from the remaining portfolio companies. The main focus is on maximising cash extraction for the Nirvana Capital Limited's investors, enabling it to undertake the planned repurchase of shares from and cancellation of the remaining funding commitments by Nirvana Capital Limited. Nirvana Capital Limited had successfully divested one of its remaining investments in this quarter under review.

The Group will continue to 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. Additionally, the Group is looking into the management of further government-sponsored funds, particularly in China. This capitalizes on the experience gained in managing the Applied Research Fund.

THE CROSBY BUSINESS

Investment Banking

The investment banking arm has the following broad areas of activity:

- A merchant banking group that is active in pursuing management buyout and leveraged buyout transactions in the more developed Asian markets (Australia, Hong Kong and Singapore are the current areas of focus). Crosby Group benefits from these transactions by receiving advisory fees, success fees and equity interests in the target companies and their underlying assets. The merchant banking activity also allows Crosby Group to develop a proprietary business in which Crosby Group makes investments opportunistically but prudently using its own capital or interests acquired in the form of in-kind success-based commissions.
- A cross border corporate finance team that provides mergers and acquisitions, structured finance, fund raisings and financial advisory services for corporations in Asia (excluding China). This business is largely based upon the presence of Crosby Group in Singapore and Indonesia.
- China and Greater China focused corporate finance business that concentrates primarily on the mid-cap area of the private sector in China. From August 2004, Crosby will participate in this business through "SBI CROSBY", a 50:50 joint venture with SIIS XCapital Limited ("SIIS"). SIIS is wholly owned by SBI E2 Capital Asia, a joint venture company currently effectively 49% owned by Softbank Investment International (Strategic) Limited and 49% owned by E2 Capital (Holdings) Limited, both of which are listed on the Main Board of the Stock Exchange of Hong Kong. The partnership with E2 Capital and Softbank provides the China business of Crosby significant assistance in its distribution and research capabilities. An formal announcement concerning this transaction is currently pending release.
- A small international distribution team operating from London and Hong Kong marketing placements to Middle Eastern, Asian and European markets.

During the six months under review, Crosby Group's Merchant Banking arm, organized, as principal, a takeover offer for Novus, an upstream, oil and gas company that was listed on the Australian Stock Exchange with an enterprise value of US\$360 million. This takeover offer eventually resulted in Crosby Group, through its 75% subsidiary Sunov Petroleum, obtaining significant participation interests in assets located in Pakistan, Middle East and the United States previously owned by Novus as well as recouping all its expenses from the takeover from Novus in the form of a break fee. During the six months under review, Crosby has been working on a number of similar transactions, some of which are anticipated to close by the end of 2004. Crosby continues to look for value in businesses around Asia and has a strong pipeline of deals. Following its success in 2 transactions where it acted as principal, the merchant banking arm is pursuing several other opportunities involving businesses that trade at significant discounts to their intrinsic values. To ensure that Crosby adds value to the businesses that it gets involved with, we are concentrating our search efforts to the oil and gas, consumer, financial resources and property sectors – areas where Crosby has significant in-house expertise. With more transactions being worked on, Crosby will add to and upgrade the merchant banking team in the future.

Asset Management

Total assets under management by Crosby's asset management operations now exceed US\$370 million. Notably under the six months under review, as detailed below, the Crosby ChinaChips Fund closed in April 2004. Additionally, the Group is currently working on a number of new asset management initiatives.

a) CORO Voltin Fund Limited

This US\$350 million fund is sponsored by the Small Business Corporation of Korea, a government organization, and invests in bonds and warrants issued by over 100 small and medium-sized enterprises in Korea. The fund was launched in November 2002 for a term of five years and the portfolio is over 90% invested.

b) Crosby Asian Buy-Out Fund

This US\$5 million fund was launched in 2003 to hold the shares of backers of management buy-outs in Asia. Although the initial fund size is small, there is scope to increase the fund if there are investments that comply with the investment criteria of the fund investors.

c) Crosby Dragon Fund

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 the equivalent of approximately US\$6 million, is aimed at investing debt and equity securities in Pakistan.

d) Crosby ChinaChips Fund

This fund raised US\$12 million as at its first closing on 7 April 2004. The fund's investment focus is on securities issued by joint stock companies incorporated in the People's Republic of China and listed on the Hong Kong, Shanghai, Shenzhen, New York and/or other internationally recognised stock exchanges.

Wealth Management

In April 2004, the Crosby Business entered the wealth management market with the formation of Crosby Wealth Management (Cayman) Limited ("CWM") that will provide investment advice to high net worth clients with a focus on Asian markets and specialized funds. The business is headed by an experienced private banker, Mr. Paul Giles. CWM's Hong Kong subsidiary also entered into a strategic agreement with a major Swiss Bank to provide infrastructure and custodian services to its clients and has received the relevant licenses from the Securities and Futures Commission of Hong Kong in July 2004.

CONSOLIDATED INCOME STATEMENT

For the six months and three months ended 30 June 2004

	Notes	Unaudited six months ended 30 June		Unaudited three months ended 30 June	
		2004 US\$'000	2003 US\$'000	2004 US\$'000	2003 US\$'000
Turnover	3	10,984	1,095	10,449	505
Other revenue	6	2,020	431	1,777	277
Total revenue		13,004	1,526	12,226	782
Administrative expenses		(5,098)	(3,185)	(1,963)	(1,677)
Distribution expenses		(5)	(4)	(3)	(2)
Other operating expenses		(3,741)	(558)	(3,392)	(168)
Finance costs		-	(1)	-	-
Profit/(loss) from operations	7	4,160	(2,222)	6,868	(1,065)
Amortization of goodwill	9	(82)	(82)	(41)	(41)
Share of losses of associates		(13)	(16)	(10)	(12)
Profit/(loss) before and after taxation		4,065	(2,320)	6,817	(1,118)
Minority interests		(3,590)	4	(3,608)	(7)
Profit/(loss) attributable to shareholders		475	(2,316)	3,209	(1,125)
Earnings/(loss) per share – Basic	8	US\$0.02 cent	(US\$0.09 cent)	US\$0.13 cent	(US\$0.04 cent)

CONSOLIDATED BALANCE SHEET

As at 30 June 2004

	<i>Notes</i>	Unaudited 30 June 2004 US\$'000	Audited 31 December 2003 US\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	572	327
Interests in associates		85	102
Available-for-sale investments		380	146
Goodwill	9	(355)	154
		<hr/>	<hr/>
		682	729
Current assets			
Loan to and current accounts with investee companies		14	–
Debtors, deposits and prepayments	10	1,573	1,345
Other receivables		53	70
Other investments		7,000	–
Cash and bank balances		7,264	8,027
		<hr/>	<hr/>
		15,904	9,442
Current liabilities			
Creditors and accrued charges	11	1,539	1,441
Deferred income		40	61
Provision for taxation		58	57
Current portion of obligation under a finance lease		–	9
		<hr/>	<hr/>
		1,637	1,568
		<hr/>	<hr/>
Net current assets		14,267	7,874
		<hr/>	<hr/>
Total assets less current liabilities		14,949	8,603
Minority interests		(5,052)	(76)
		<hr/>	<hr/>
Net assets		9,897	8,527
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Share capital	12	2,795	2,503
Reserves		7,102	6,024
		<hr/>	<hr/>
Shareholders' funds		9,897	8,527
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2004

	Share capital <i>US\$'000</i>	Share premium <i>US\$'000</i>	Capital reserve <i>US\$'000</i>	Capital redemption reserve <i>US\$'000</i>	Investment revaluation reserve <i>US\$'000</i>	Foreign exchange reserve <i>US\$'000</i>	Accumulated losses <i>US\$'000</i>	Total <i>US\$'000</i>
At 1 January 2004	2,503	52,209	9,228	11	72	(108)	(55,388)	8,527
New issue of shares	292	608	-	-	-	-	-	900
Profit attributable to Shareholders	-	-	-	-	-	-	475	475
Surplus on revaluation	-	-	-	-	9	-	-	9
Exchange difference on consolidation	-	-	-	-	-	(14)	-	(14)
At 30 June 2004	<u>2,795</u>	<u>52,817</u>	<u>9,228</u>	<u>11</u>	<u>81</u>	<u>(122)</u>	<u>(54,913)</u>	<u>9,897</u>
At 1 January 2003	2,503	52,209	9,228	11	125	(109)	(51,019)	12,948
Loss attributable to Shareholders	-	-	-	-	-	-	(2,316)	(2,316)
Surplus on revaluation	-	-	-	-	17	-	-	17
Exchange difference on consolidation	-	-	-	-	-	26	-	26
At 30 June 2003	<u>2,503</u>	<u>52,209</u>	<u>9,228</u>	<u>11</u>	<u>142</u>	<u>(83)</u>	<u>(53,335)</u>	<u>10,675</u>

CONDENSED CONSOLIDATED CASHFLOW STATEMENT

For the six months ended 30 June 2004

	Unaudited six months ended 30 June	
	2004 <i>US\$'000</i>	2003 <i>US\$'000</i>
Net cash outflow from operating activities	(3,206)	(2,176)
Net cash inflow/(outflow) from investing activities	1,033	(238)
Net cash inflow/(outflow) from financing activities	1,411	(12)
Net decrease in cash and cash equivalents	(762)	(2,426)
Cash and cash equivalents as at 1 January	8,027	11,777
Effect of exchange rate fluctuations	(1)	(1)
Cash and cash equivalents as at 30 June	7,264	9,350

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1. Basis of presentation

The unaudited condensed consolidated interim financial statements ("interim financial statements") are prepared in accordance with International Accounting Standards.

The interim financial statements incorporate those of the company and its subsidiaries made up to 30 June each year and are prepared on the historical cost basis except for certain financial instruments.

2. Principal accounting policies

The principal accounting policies adopted in the interim financial statements are consistent with those followed in the annual financial statements for the year ended 31 December 2003.

3. Turnover

Turnover comprises fees for corporate finance and other advisory services, fees from the placement of shares and fund management fees.

4. Segment Information

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

	Investment Banking		Asset Management		Total	
	2004 US\$'000	2003 US\$'000	2004 US\$'000	2003 US\$'000	2004 US\$'000	2003 US\$'000
Turnover (Note 3)	10,530	343	454	752	10,984	1,095
Segment results	5,244	(939)	(2)	209	5,242	(730)
Unallocated loss from operations					(1,082)	(1,492)
Profit/(loss) from operations					4,160	(2,222)
Amortisation of goodwill					(82)	(82)
Share of losses of associates					(13)	(16)
Profit/(loss) before and after taxation					4,065	(2,320)
Minority interests					(3,590)	4
Profit/(loss) attributable to shareholders					475	(2,316)

5. Taxation

No income tax has been provided for the six months ended 30 June 2004 (2003: US\$Nil) as neither the Group nor any of its associated companies derived any assessable profit that is subject to income tax.

No recognition of the potential deferred tax assets primarily relating to tax losses of the Group has been made as the recoverability of the potential tax assets is uncertain (2003: US\$Nil).

6. Other Revenue

	Six months ended 30 June	
	2004 US\$'000	2003 US\$'000
Bank interest income	23	56
Incubation services income	–	45
Bad debt recovery	317	137
Profit on disposal of subsidiaries	1,550	3
Profit on disposal of investments	105	178
Others	25	12
	2,020	431

7. Profit/(loss) from operations

	Six months ended 30 June	
	2004 US\$'000	2003 US\$'000
Profit/(loss) from operations is arrived at after charging:		
Auditors' remuneration	36	36
Depreciation		
– owned assets	90	195
– assets under finance leases	8	8
Loss on disposal of property, plant and equipment	–	61
Provision for doubtful debts	–	7
Operating lease rentals in respect of rented premises	277	353
Staff costs (excluding directors' remuneration but including provident fund contributions)	2,441	1,687
Directors' remuneration	383	300
Provident fund contributions	62	21
and after crediting:		
Fair value adjustment on trading investments	–	17

8. Earnings/(loss) per share

The calculation of the basic earnings/(loss) per share for the six months ended 30 June 2004 is based on the profit attributable to shareholders of US\$475,269 (2003: Loss attributable to shareholders of US\$2,315,805) and the weighted average number of shares of 2,504,184,388 (2003: 2,502,577,245).

The calculation of the basic earnings/(loss) per share for the three months ended 30 June 2004 is based on the profit attributable to shareholders of US\$3,209,206 (2003: Loss attributable to shareholders of US\$1,124,455) and the weighted average number of shares of 2,505,791,531 (2003: 2,502,577,245).

No diluted earnings per share is shown, as no share options granted by the Company had been exercised for the six months and the three months ended 30 June 2004.

9. Property, Plant and Equipment and Goodwill

	Property, plant and equipment US\$'000	Goodwill US\$'000
Net book value as at 1 January 2004	327	154
Additions	350	(427)
Disposals	(7)	–
Depreciation for the period (Note 7)	(98)	–
Amortization for the period	–	(82)
	572	(355)
Net book value as at 30 June 2004	572	(355)

10. Trade Debtors

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

At the balance sheet date, included in debtors, deposits and prepayments are trade debtors of US\$235k (as at 31 December 2003: US\$354k). Included in trade debtors were amounts due from associates of US\$Nil (as at 31 December 2003: US\$4k). These were classified in the balance sheet as Interests in Associates.

The aged analysis of the trade debtors is as follows:

	30 June 2004 US\$'000	31 December 2003 US\$'000
0 – 30 Days	44	166
31 – 60 Days	13	110
61 – 90 Days	10	50
Over 90 Days	168	28
	<u>235</u>	<u>354</u>

11. Creditors and accrued charges

There are no trade creditors at 30 June 2004 (as at 31 December 2003: Nil) included in creditors and accrued charges.

12. Share capital

	Number of ordinary shares	Number of convertible redeemable preference shares	Non-voting deferred shares	Value US\$
<i>Authorised (par value of US\$0.001 each)</i>	<u>20,000,000,000</u>	<u>1,000,000</u>	<u>–</u>	<u>20,001,000</u>
<i>Issued and fully paid</i>				
At 1 January 2004	2,502,577,245	–	–	2,502,577
New Issue	<u>–</u>	<u>–</u>	<u>292,500,000</u>	<u>292,500</u>
At 30 June 2004	<u>2,502,577,245</u>	<u>–</u>	<u>292,500,000</u>	<u>2,795,077</u>

There were no changes in the authorised share capital during the six months ended 30 June 2004 or the year ended 31 December 2003.

13. Related party transactions

	Six months ended 30 June	
	2004 US\$'000	2003 US\$'000
Fund management fee income from Nirvana Capital Limited ("NCL")	–	100
Incubation services income from associates	–	14
Sales proceeds of investment received by NCL on behalf of the Group	11	16

14. Contingencies

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

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2004 (2003: US\$Nil).

DISCLOSURE OF INTERESTS

(a) Directors' disclosure of interests

As at 30 June 2004, the relevant interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange, 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 %
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 is beneficially wholly-owned by Ilyas Tariq Khan.

Note 2: ECK & Partners Limited held 325,290,000 Shares. ECK & Partners Limited is beneficially owned as to 61.43% by Ilyas Tariq Khan, 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 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 is beneficially owned as to 50% by Francis Yuen Tin Fan and as to the remaining 50% by his wife.

(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 %
Daniel Yen Tzu Chen	14 May 2003	HK\$0.0350	5,000,000	0.20

(iii) Short Positions

None of the Directors held short positions in the Shares and underlying Shares of the Company or any Associated Corporation.

(iv) Interests in the shares of an Associate Corporation

Name of Director	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 %
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 is beneficially wholly-owned by Ilyas Tariq Khan.

Save as disclosed above, as at 30 June 2004, 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 required standards of dealing by directors of a listed issuer as referred to in Rule 5.46 of the GEM Listing Rules.

As at 30 June 2004, the Company had not issued any debentures.

Save as disclosed herein, as at 30 June 2004, none of the Directors or chief executive of the Company or their respective associates had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO) or which were required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders' disclosure of interests

So far as is known to any Director or chief executive of the Company, as at 30 June 2004, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

(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 currently in issue
ECK & Partners Limited (Note 1)	325,290,000	13.00%
TBV Holdings Limited (Note 2)	302,055,000	12.07%
TW Indus Limited (Note 3)	188,208,147	7.52%

Note 1: ECK & Partners Limited held a direct interest in 325,290,000 Shares. Ilyas Tariq Khan is beneficially interested in 61.43% of the share capital of ECK & Partners Limited and, therefore, Ilyas Tariq Khan is also interested in these 325,290,000 Shares which are duplicated within the 593,492,223 Shares in which Ilyas Tariq Khan is interested as a Director.

Note 2: TBV Holdings 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 is beneficially interested in 100% of the share capital of TW Indus Limited and, therefore, Ilyas Tariq Khan is also interested in these 188,208,147 Shares which are duplicated within the 593,492,223 Shares in which Ilyas Tariq Khan is interested as a Director.

(ii) Interests in the non-voting convertible deferred shares of the Company

Name	Number or approximate attributable number of non-voting convertible deferred shares	Approximate percentage or approximate attributable percentage holding of non-voting convertible deferred shares currently in issue
Simon Fry (Note 1)	292,500,000	100%

Note 1: Simon Fry is the Chief Executive Officer of Crosby Capital Partners Inc., which is a 85.11% subsidiary of the Company. Further to the Company's announcement dated 31 March 2004, the Company allotted 292,500,000 non-voting convertible Deferred Shares to Simon Fry. Simon Fry has also 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.

(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, the Directors are not aware of any other person who, as at 30 June 2004, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

(c) Share Options

Pursuant to the Company's Share Option Scheme, a duly authorized 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 30 June 2004
27 March 2002	248,244,700	HK\$0.0704	247,944,700	300,000	180,000
18 March 2003	54,000,000	HK\$0.0350	54,000,000	-	-
14 May 2003	15,000,000	HK\$0.0350	10,000,000	5,000,000	1,500,000
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		671,008,700	5,300,000	1,680,000

No options granted under the Share Option Scheme had been exercised as at 30 June 2004.

(d) Competing Interests

The Directors are not aware of any business or interest, as of 30 June 2004, of the Directors, initial management shareholders of the Company or their respective associates, which was required to be disclosed pursuant to Rule 11.04 of the GEM Listing Rules.

AUDIT COMMITTEE

As required by Rule 5.23 of the GEM Listing Rules, the Company established an audit committee on 31 March 2000 with written terms of reference in compliance with Rules 5.20 and 5.25 of the GEM Listing Rules, which deal clearly with its authority and duties. The audit committee members comprise Joseph Tong Tze Kay, Daniel Yen Tzu Chen and Peter McIntyre Koenig. Its principal duties are to review and supervise the Company's financial reporting process and internal control systems.

The audit committee meets at least quarterly with the most recent meeting held on 12 August 2004.

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 six months ended 30 June 2004.

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

The Company, or any of its subsidiaries, did not purchase, sell or redeem any of its listed securities during the six months ended 30 June 2004 (2003: Nil).

By Order of the Board
Ilyas Tariq Khan
Chairman

Hong Kong, 12 August 2004

As at the date of this report, the Directors of the Company are

Executive Director: Johnny Chan Kok Chung

Non-Executive Directors: Ilyas Tariq Khan, Ahmad S. Al-Khaled

Independent Non-Executive Directors: Daniel Yen Tzu Chen, Peter McIntyre Koenig and Joseph Tong Tze Kay