

第三季報告

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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 84.89% owned subsidiary, Crosby Capital Partners Inc. (or "Crosby"), which is listed on the AIM market of the London Stock Exchange, 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 of the Group for the nine months ended 30 September 2004 under review increased significantly to US\$11.3 million compared with US\$1.8 million for the same period last year. This increase in turnover is mainly attributable to Crosby and in particular due to the success of Crosby's merchant banking group. Following a takeover attempt of Novus Petroleum ("Novus") in the beginning of 2004, the Group has interests in various oil and gas related assets. The directors believe that significant further upside could be realized from these oil and gas related assets, particularly given current oil and gas prices, than currently reflected in the Group's balance sheet. Turnover for the quarter under review was US\$0.3 million compared to US\$0.7 million for the same quarter last year.

Other revenue of the Group for the nine months ended 30 September 2004, consisting of interest income, profit on the disposal of investments and bad debt recoveries, increased significantly to US\$2.6 million compared with US\$0.6 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 Crosby to the AIM market of the London Stock Exchange and the simultaneous placing in May 2004.

Operating expenses for the nine months ended 30 September 2004 increased significantly to US\$11.2 million compared with US\$5.9 million for the same period last year. On the same basis, operating expenses for the quarter under review were US\$2.3 million compared to US\$2.2 million for the same quarter last year. Included in the operating expenses for the nine months ended 30 September 2004 were US\$3.2 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 nine months under review has also arisen due to the expansion of Crosby during 2004 including one time expenses related to the acquisition of permanent office accommodation in London, and the process related to obtaining an FSA licence, establishing the Beijing office and the establishment of a wealth management business.

Non-operating expenses for the nine months ended 30 September 2004 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\$1.2 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\$0.7 million for the nine months ended 30 September 2004 compared with a loss of US\$3.7 million for the same period last year.

Additionally, from a corporate and structuring perspective it is worth noting the following matters:

- On 18 August 2004, the Company announced that SBI CROSBY (HOLDINGS) LIMITED, a 50:50 joint venture with SIIS XCapital Limited was formed. This partnership with E2 Capital and Softbank gives significant assistance to the distribution and research capabilities of this business going forward.
- On 2 September 2004, the Company announced that the Crosby Group had entered into an agreement whereby it became the sole owner of the "Crosby" brand name for the provision of financial services in and outside Asia. Further to this agreement, Crosby issued new shares thereby diluting the Company's shareholding in Crosby from 85.11% to 84.89%.
- On 8 October 2004, the Company announced that on 30 September 2004 Crosby Wealth Management (Cayman) Limited ("CWM") had entered into certain arrangements which will result in raising up to a maximum of US\$4 million of capital from a group of investors to fund the continued development of the business. CWM provides investment advice to high net worth clients with a focus on Asian markets and is headed by an experienced private banker, Mr. Paul Giles. CWM is now focussing on hiring a team of client relationship managers throughout Asia to aggressively build its assets under management.

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 nine months ended 30 September 2004 under review, one of the Fund's investee companies was successfully listed on the HKEx 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, the Nirvana Capital Limited's investors.

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, Indonesia, Hong Kong and Singapore are current areas of focus). Crosby 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 provides opportunities for Crosby to make investments opportunistically but prudently using its own capital or via 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. This business is largely based upon Crosby's presence in Singapore and Indonesia.
- A corporate finance advisory business focused on China and Greater China, concentrating primarily on mid-cap private sector companies in China. From August 2004, Crosby will participate in this business through "SBI CROSBY", a 50:50 joint venture with SII XCapital Limited ("SII XCapital"). This partnership with E2 Capital and Softbank gives the China business of Crosby significant assistance in its distribution and research capabilities.

During the nine months ended 30 September 2004, Crosby's Merchant Banking Group organized, as principal, a takeover offer for Novus, an upstream, oil and gas company listed on the Australian Stock Exchange which at the time of the offer had an enterprise value of US\$360 million. This takeover offer eventually resulted in Crosby obtaining significant economic interests in certain of Novus' assets located in Pakistan, the Middle East and the United States currently owned by Novus. Crosby continues to look for value in businesses around Asia, to which the Group can add further value and now has a strong pipeline of deals. These include several other opportunities involving businesses that trade at significant discounts to their intrinsic value. Our search for opportunities is concentrated on the oil and gas, consumer, financial resources and property sectors – areas where Crosby has significant in-house expertise. With a large number of transactions being worked on, we expect to add very modestly to our staff in this area, and thus continue to build up our merchant banking team.

Asset Management

Total assets under management by Crosby's asset management operations now exceed US\$370 million. The Group is pursuing a number of further asset management initiatives. The main funds currently managed by Crosby are:

(a) CORO Voltin Fund

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 Buyout 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 modest, there is scope to increase the fund when investments are identified which 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 (the Crosby Dragon Fund) at the end of 2003, with an initial fund size of the equivalent of approximately US\$6 million. This fund is targeted on invest debt and equity securities in Pakistan.

(d) Crosby ChinaChips Fund

This fund was launched on 7 April 2004 with an initial fund size of US\$12 million. The fund's investment focus is on particular types of securities issued by joint stock companies incorporated in the PRC and listed on the Hong Kong, Shanghai, Shenzhen, New York and/or other internationally recognised stock exchanges.

Wealth Management

In April 2004, Crosby entered the wealth management market with the formation of CWM which 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. On 8 October 2004, the Company announced that on 30 September 2004 CWM entered into certain arrangements which will result in raising up to a maximum of US\$4 million of capital from a group of investors to fund the continued development of the business. CWM is now focussing on hiring a team of client relationship managers throughout Asia to aggressively build its assets under management.

RESULTS

The board of directors (the "Board") of the Company is pleased to announce the unaudited consolidated results of the Group for the nine months and three months ended 30 September 2004 (the "Review Period"), together with the comparative unaudited figures of the corresponding period in 2003, as follows:

	Notes	Unaudited Nine Months Ended 30 September		Unaudited Three Months Ended 30 September	
		2004 US\$'000	2003 US\$'000	2004 US\$'000	2003 US\$'000
Turnover	2	11,306	1,788	322	693
Other revenue	2	2,569	580	549	149
Total revenue		13,875	2,368	871	842
Operating expenses		(11,177)	(5,953)	(2,333)	(2,204)
Profit/(loss) from operations		2,698	(3,585)	(1,462)	(1,362)
Amortization of goodwill		(123)	(123)	(41)	(41)
Negative goodwill released to income statement		362	–	362	–
Write back of provision for impairment in investments		141	–	141	–
Share of profits/(losses) in associates		109	(23)	122	(8)
Profit/(loss) before and after taxation	3	3,187	(3,731)	(878)	(1,411)
Minority interests		(2,440)	19	1,150	15
Profit/(loss) attributable to shareholders		747	(3,712)	272	(1,396)
Earnings/(loss) per share – Basic	5	USD0.03 cent	(USD0.15 cent)	USD0.01 cent	(USD0.06 cent)

NOTES TO THE UNAUDITED CONSOLIDATED RESULTS

1. Basis of presentation

The principal accounting policies adopted in preparing the unaudited consolidated results conform to International Accounting Standards.

The unaudited consolidated results of the Company include the results of all companies now comprising the Group. All significant intra-group transactions and balances have been eliminated in preparing the unaudited consolidated financial statements.

2. Turnover and other revenue

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

Other revenue mainly comprises interest income, profit on disposal of investments and bad debt recoveries. In the comparative period, other revenue also comprised fees from incubation services.

3. Taxation

No income tax has been provided for in the nine months ended 30 September 2004 (2003: nil) as neither the Group nor any of its associated companies derived any 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: Nil).

4. Movement in reserves

	Share premium		Capital reserve		Capital redemption reserve	
	2004 US\$'000	2003 US\$'000	2004 US\$'000	2003 US\$'000	2004 US\$'000	2003 US\$'000
At 1 January and 31 March	52,209	52,209	9,228	9,228	11	11
New issue of shares	608	-	-	-	-	-
At 30 June and 30 September	<u>52,817</u>	<u>52,209</u>	<u>9,228</u>	<u>9,228</u>	<u>11</u>	<u>11</u>

	Investment revaluation reserve		Foreign exchange reserve		Accumulated losses	
	2004 US\$'000	2003 US\$'000	2004 US\$'000	2003 US\$'000	2004 US\$'000	2003 US\$'000
At 1 January	72	125	(109)	(109)	(55,388)	(51,019)
Surplus on revaluation	26	15	-	-	-	-
Exchange difference on consolidation	-	-	(95)	46	-	-
Loss attributable to shareholders	-	-	-	-	(2,734)	(1,191)
At 31 March	98	140	(204)	(63)	(58,122)	(52,210)
(Deficit)/surplus on revaluation	(17)	2	-	-	-	-
Exchange difference on consolidation	-	-	82	(20)	-	-
(Loss)/profit attributable to shareholders	-	-	-	-	3,209	(1,125)
At 30 June	81	142	(122)	(83)	(54,913)	(53,335)
(Deficit)/surplus on revaluation	60	(32)	-	-	-	-
Exchange difference on consolidation	-	-	(47)	20	-	-
Profit/(loss) attributable to shareholders	-	-	-	-	272	(1,396)
At 30 September	<u>141</u>	<u>110</u>	<u>(169)</u>	<u>(63)</u>	<u>(54,641)</u>	<u>(54,731)</u>

5. Earnings/loss per share

The calculation of the basic earnings/(loss) per share for the nine months ended 30 September 2004 is based on the profit attributable to shareholders of US\$74,7483 (2003: Loss attributable to shareholders of US\$3,711,814) and the weighted average number of shares of 2,600,788,924 (2003: 2,502,577,245).

The calculation of the basic earnings/(loss) per share for the three months ended 30 September 2004 is based on the profit attributable to shareholders of US\$272,215 (2003: Loss attributable to shareholders of US\$1,396,009) and the weighted average number of shares of 2,795,077,245 (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 nine months and three months ended 30 September 2004.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2004 (2003: Nil).

DISCLOSURE OF INTERESTS

(a) Directors

As at 30 September 2004, the interests and short positions of the Directors of the Company in the 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 %
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

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, 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.

(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
Peter McIntyre Koenig	20 Aug 2004	HK\$0.0350	5,000,000	0.20
Ahmad S. Al-Khaled	20 Aug 2004	HK\$0.0350	5,000,000	0.20
Joseph Tong Tze Kay	20 Aug 2004	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	Associate 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 Capital Partners (Hong Kong) Limited (formerly known as Crosby Limited)	1	110,001	110,002	0.04
Johnny Chan Kok Chung	Crosby Capital Partners (Hong Kong) Limited (formerly known as 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 30 September 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 minimum standards of dealing by directors of a listed issuer as referred to in Rule 5.40 of the GEM Listing Rules.

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

Save as disclosed herein, as at 30 September 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 and Other Persons

As at 30 September 2004, 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 currently in issue
ECK & Partners Limited <i>(Note 1)</i>	325,290,000	13.00%
TBV Holdings Limited <i>(Note 2)</i>	302,055,000	12.07%
TW Indus Limited <i>(Note 3)</i>	188,208,147	7.52%

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 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 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.

(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 percentage holding of non-voting convertible deferred shares currently in issue
Simon Fry (<i>Note 1</i>)	292,500,000	100%

Note 1: Simon Fry is the Chief Executive Officer of Crosby Capital Partners Inc., which is a 84.89% 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 above, as at 30 September 2004, the Directors of the Company were 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.

(c) Share Options

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 30 September 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	-	-
20 August 2004	15,000,000	HK\$0.0350	-	15,000,000	-
	<u>691,308,700</u>		<u>671,008,700</u> ⁽ⁱ⁾	<u>20,300,000</u>	<u>1,680,000</u>

Note 1: Includes 518,564,000 of share options that have lapsed and are not available for re-use.

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

(d) Competing Interests

The Directors are not aware of any business or interest, as of 30 September 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 11 November 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 nine months ended 30 September 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 nine months ended 30 September 2004 (2003: Nil).

By Order of the Board

Ilyas Tariq Khan

Chairman

Hong Kong, 11 November 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*